CMP379: Determining TNUoS demand zones for transmission connected demand at sites with multiple Distribution Network Operators (DNOs)

7 November 2022

Online Meeting via Teams


WELCOME

Action Review

Catia Gomes – National Grid ESO Code Administrator

Open Actions

Action Number	Workgroup raised	Owner	Action	Comment	Due by	Status
4	WG2	HT/JZ	Confirm how the methodology would work with different Charging sites.		WG3	Open
5	WG2	HT/JZ	Provide further information on the demand zones: • How they are selected • Allocation and how they will be split		WG3	Open

Review of Workgroup Consultation Responses

Catia Gomes – National Grid ESO Code Administrator

Workgroup Consultation

- RResponses
  - 2 Non-Confidential Responses
- Applicable Objective better facilitated by Proposal
  - One respondent stated “(e) Promoting efficiency in the implementation and administration of the system charging methodology.”
- Supportive of implementation
  - One respondent supportive
- Commentary
  - One respondent:
  - Agreed with the use of the average methodology as it provides a stabler signal than the "predominant" DNO that could change by charging year and is more cost-reflective than the fixing the "predominant" DNO for a price control period.
  - But suggested that the ESO should consider publishing as part of their forecasts the rates where there is volume (or proposed volume) at these nodes. That would allow customers to have greater visibility and understanding of these examples. They did not believe this needed to be codified as the impact is small and the ESO’s guidance on TNUoS is fairly comprehensive.

Workgroup Consultation

- Commentary
  - The remaining respondent did not support the modification and raised the following points:
    - Transmission zones should align with GSP Groups areas, which are aligned to the 14 DNO licenced areas and transmission connected loads, should be related to physical location of that load as determined by the DNO licenced area.
    - Any other solution is liable to result in the connected load potentially 'moving' transmission areas if the balance of load changes at that connection point.
    - The BSC allows import or export to be settled in Central Volume Allocation (CVA) or Supplier Volume Allocation (SVA) trading arrangements. Where this is settled in SVA, then the GSP Group must be allocated to the appropriate DNO licensed area.
    - The difference in charges may be "small", but this may change over time.
    - Locking the allocation to the geographic location of the plant/equipment minimises any opportunity for gaming or unnecessary investment 'to get across a boundary' into a cheaper zone.

- Alternatives proposed
  - No alternatives were proposed

Terms of Reference

Catia Gomes – National Grid ESO Code Administrator

CMP379– Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Consider EBR implications	
b) Consider the indicative aggregated demand charge variation analysis for the 2022/23 charging year and any further forward looking analysis and assess TNUoS impacts on demand users, suppliers and generators	
c) Consider the potential volatility in Demand Zone tariffs in future years and the potential to fix Demand Zone allocation	
d) Consider whether the demand load of individual customers should be taken into account	
e) Consider impacts on consumers	
f) Consider the relevance of the ESO's proposed 2022/23 Guidance Note for this change	
g) Consider the legal implications of non-geographic charging e.g. applying the charges relating to 1 DNO to another DNO (Consider the appropriate criteria for identifying the relevant DNO)	
h) Consider what DNOs do currently	

Timeline for CMP379 as at 7 November 2022

Milestone	Date	Milestone	Date
Workgroup Nominations (15 working days)	1 November 2021 to 5pm on 22 November 2021	Code Administrator Consultation (20 Working days)	2 January 2023 to 30 January 2023
Workgroup 1 - Understand proposal and solution, agree timeline, agree terms of reference,	22 July 2022	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	16 February 2023
Workgroup 2 – Refine Solution Workgroup 3 – Review analysis, discuss and Agree alternate solutions + Legal Text, finalise Workgroup consultation (including agreeing Workgroup Consultation questions) Showstopper	11 August 2022 30 August 2022 15 September 2022	Panel undertake DFMR recommendation vote	24 February 2023
Workgroup Consultation (20 Working Days)	23 September 2022 to 5pm on 14 October 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 WD)	27 February 2023
Workgroup 4 - Discuss consultation responses, refine solution and legal text Workgroup 5 - Hold Workgroup vote, Finalise Workgroup Report and Legal text Showstopper	7 November 2022 22 November 2022 29 November 2022	Final Modification Report issued to Ofgem	7 March 2023
Workgroup report issued to Panel (5 WD)	8 December 2022	Ofgem decision	TBC
Panel sign off that Workgroup Report has met its Terms of Reference	16 December 2022	Implementation Date	1 April 2024

Next Steps

Catia Gomes – National Grid ESO Code Administrator