

Meeting Summary

Transmission Charging Methodologies Forum and CUSC Issues Steering Group 134

Date: 04/05/2023 **Location:** MS Teams
Start: 10:30am **End:** 11:50pm

Participants

| Attendee | Company | Attendee | Company |
|----------------------------|----------------------------|--------------------------|-----------------------|
| Claire Huxley (CH) | ESO (Chair) | Andrew Hemus (AH) | ESO (Tec Sec) |
| Paul Mullen (PM) | ESO (Presenter) | Dovydas Dyson (DD) | ESO (Presenter) |
| Damian Clough (DC) | SSE Generation (Presenter) | Nitin Prajapati (NP) | ESO (Presenter) |
| Ishytaq Hussain (IH) | ESO (Presenter) | Alan Kelly (AK) | Corio Generation |
| Alex Ikonic (AI) | Orsted | Alex Aristodemou (AA) | ESO |
| Alison Price (AP) | ESO | Al-Marwah Az-zahra (ALA) | ESO |
| Amala Thomas (AT) | ESO | Brendan Clark (BC) | SSE |
| Cathal Dorrian (CD) | Fred Olsen | Catia Gomes (CG) | ESO |
| Chiamaka Nwajagu (CN) | Orsted | Chris McGee (CM) | Brookfield |
| David Tooby (DT) | Ofgem | Davinder Sanghera (DS) | ESO |
| Edda Dirks (ED) | SSE | Faiva Wadawasina (FW) | Renantis |
| Gavin Baillie (GB) | SSE | George Moran (GM) | Centrica |
| Giulia Licocci (GL) | Ocean Winds | Harry Hailwood (HH) | Brook Green Supply |
| Harriet Harmon (HH) | Ofgem | James Stone (JS) | ESO |
| Jheaunelle Thomas (JT) | ESO | Jo Zhou (JZ) | ESO |
| Jonathan Whitaker (JW) | ESO | Joseph Dunn (JD) | Scottish Power |
| Joseph Henry (JH) | ESO | Joshua Coomber (JC) | Ofgem |
| Karen Thompson-Lilley (KT) | ESO | Karl Maryon (KM) | Drax |
| Kate Livesey (KL) | Drax | Kyran Hanks (KH) | Waters Wye Associates |
| Lorna Mitchell (LM) | SSE | Milly Lewis (ML) | ESO |
| Monika Hudakova (MH) | OVO | Niall Coyle (ML) | EON Energy |

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|-----------------------|----------------|----------------------|-----------------|
| Naomi De Silva (NS) | OVO | Neil Dewar (ND) | ESO |
| Nick Everitt (NE) | ESO | Nick George (NG) | ESO |
| Nicola Fitchett (NF) | RWE | Nitin Prajapati (NP) | ESO |
| Paul Jones (PJ) | Uniper Energy | Paul Mott (PM) | ESO |
| Paul Youngman (PY) | Drax | Robert Longden (RL) | Cornwall Energy |
| Robert Newton (RN) | Zenobe | Ruth Kemsley (RK) | EDF Energy |
| Sarah Chleboun (SC) | ESO | Shannon Murray (SM) | Ofgem |
| Sinan Kufeoglu (SK) | Ofgem | Stephen Dale (SD) | ESO |
| Tom James (TJ) | Baringa | Tom James (TJ) | Baringa |
| Varun Mittal (VM) | Total Energies | Vicki Holland (VH) | St Clements |
| Victoria Burkett (VB) | SSE | | |

Agenda, slides, and modifications appendices

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/tcmf-cisg>

TCMF and CISG

Please note: These notes are produced as an accompaniment to the slide pack presented which can be found here: <https://www.nationalgrideso.com/document/279751/download>

Meeting Opening - Claire Huxley, ESO

CH opened the meeting providing an overview of the agenda items for discussion, asked for any AOB items and reviewed the Action Item log.

Code Modifications update - Paul Mullen, Code Administrator ESO

PM gave a Code Modifications update. See slides for more detail.

Discussion themes / Feedback

RK asked for more detail on the new WACM for CMP315/CMP375. HH explained it proposes to use 30yrs of historic data to set the Expansion Constant. RL asked if the WACM (CMP375 WACM1) which used the NOA data to calculate the Expansion Constant would still be going forward. PM confirmed that this WACM will not be going forward and has fallen away.

GB Connections Reforms verbal update – Dovydas Dyson, ESO

DD shared a brief update on GB Connections Reforms. Sharing that the sprints have now finished. With the focus this month on using all the information gathered to draft the consultation, which is expected to be published next month.

Discussion themes / Feedback

None

TCMF Sub-group – Enduring Fixed BSUoS verbal update – Damian Clough, SSE Generation

DC gave a verbal update on the TCMF Sub-group sharing the background to this sub-group being created detailing CMP361: Ofgem chose their favoured WACM but it may not have been their optimum end solution. They therefore chose the option which minimised the cost to the end consumer. However, this meant that the notice period was 9 months.

The ESO saw a notice period of 9 months as not palatable from a forecasting viewpoint so raised CMP408 to shorten the notice period.

In the meantime, the subgroup is taking a more holistic view and re-examining the analysis from CMP361 due to changes in underlying costs and trying to find a sweet spot between a BSUoS fund and notice/fixed period which might not have been presented to Ofgem as an option as part of CMP361.

On top of this, SSE have proposed an alternative way of dealing with BSUoS reopeners within year, by doing top ups and reconciliations which aims to remove the risk to the ESO and Suppliers whilst reducing the cost to the end consumer.

Discussion themes / Feedback

RL asked how long it would be before SSE raised this proposed alternative formally. DC explained unsure on the Governance Rules when raising a Modification when another similar Modification is progressing. PM explained that Panel have no option but to reject a modification that they believe has the same effect as another Modification that has been raised but not yet determined by Ofgem. RK commented that if sufficiently different then it could be a new modification or if similar it could be raised as a WACM of CMP408.

OTNR update – Nitin Prajapati, ESO

NP gave an update on OTNR. See slides for more detail.

Discussion themes / Feedback

RK asked about TNUoS zones and any impact with the 10 Year fixed TNUoS concept. JS explained that thought had been given to raising an offshore zoning modification but aware of other things happening that may impact zoning such as the outcome of the Expansion Constant work and the requirement to review the zoning methodology as per the CMP324/5 decision. The ESO are looking at existing principles with consideration being given to predictability in charges as well as identifying what works well now that can be adopted for offshore and what needs to be changed. NP commented same principles should apply for onshore and offshore. RL commented that it will be one large network so should be viewed in that way with the mechanics and the principles being considered. PY asked on CMP411 if the impact of the Demand Residual and cost implications. JS explained the proposed approach is to recover through TDR but the Work Group are still looking at this to decide if this is the correct approach. Once agreed the next stage would be to produce analysis of impacts on various users to help make an evidenced based decision.

Deep dive on the TO revenue change from November forecast to January final tariff – Ishtyaq Hussain, ESO

IH shared details on the TO revenue change from November forecast to January final tariff. See slides for more detail.

Discussion themes / Feedback

DC asked if the inflation figures were correct. IH agreed that there may be some discrepancies in the inflation figures, however these come from the TOs. LM commented that it appears that different inflation figures are being used by some Transmission Owners. Also is there any work in draft tariffs on under recovery. IH explained there is no indicative view. LM also asked how the K correction interacts with CMP286/CMP287 and how inflation and under recovery will work with the 15-month period. PY commented that only selected elements are set for the 15-month period in CMP286/CMP287. NC shared that inflation being linked to a November 21 index had been flagged and should be updated more periodically. GM commented that there is a gap in governance around this with industry being unable to question this data. IH shared that the TO's had been asked to attend today's TCMF and provide details. LM shared thoughts on a possible Transparency Modification on what the methodology uses in terms of inflation etc. NC supported this idea.

AOB

CH raised the Tariff reset process on over recovery of BSUoS funds with the CUSC currently only allowing for a reset on under recovery. Sharing that there will be no new modification on this as CMP408 is progressing and looking to do the same thing.

JD gave TCMF details of new potential TNUoS modification from Scottish Power Renewables looking at Transport Component TNT model. Will be in touch in coming months, and we welcome bi lateral discussions. This new modification will be socialised using existing forums like Charging Futures and TCMF for example.

SV asked for further details around the latest 5yr forecast as struggling to understand the drivers for the significant increase in the latter years of the forecast. It talks about inflation and OFTO revenues. CH shared that this would be discussed at the TNUoS 5 Year View webinar next week. SV also asked for a 10-year forecast assumptions update. JZ shared that not aware of any suggestions on what was shared at the last TCMF regarding the ESO proposals on the 10-year forecast. Plan is to get something published before the next quarterly forecast. **ACTION: 23-4 Provide detailed update on the 10-year forecast.**

JS gave a short TNUoS Task Force update confirming the Task Force restarted 26 April looking at the initial consultant analysis. With the next meeting at the end of this month looking at a deep dive of the packages of work and the priorities list.

Action Item Log

Action items: In progress

| ID | Description | Owner | Notes | Target Date | Status |
|---------------|---|--------------|-------|-------------|--------|
| 23-4 May 4 | Provide detailed update on the 10-year forecast | Nick Everitt | | 08/06/2023 | New |

Action items: completed

| ID | Description | Owner | Notes | Target Date | Status |
|---------------|---|-------------------------------|--------------------------|-------------|--------|
| 23-2 Mar 9 | To present a deep dive on the TO revenue change from November forecast to January final tariff at TCMF. | Nick George / Nick Everitt | Item covered in May TCMF | 06/04/2023 | Closed |