



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

Meeting 136 - 6 July 2023

Agenda

1	Introduction, meeting objectives and review of previous actions Claire Huxley - ESO	10:30 - 10:35
2	Code Administrator update Milly Lewis - Code Administrator ESO	10:35 - 10:45
3	TNUoS Task Force verbal update James Stone - ESO	10:45 - 10:50
4	GB Connections Reforms update Dovydas Dyson - ESO	10:50 - 11:00
5	CISG subgroup update Alison Price and Joseph Henry - ESO	11:00 - 11:05
6	TNUoS Expansion Constant data Nick Everitt - ESO	11:05 - 11:25
7	Comfort Break All	11:25 - 11:30
8	TCMF feedback Claire Huxley - ESO	11:30 - 11:35
9	TCMF Sub-group – Enduring Fixed BSUoS verbal update Alice Taylor - ESO	11:35 - 11:40
10	AOB and Meeting Close Claire Huxley - ESO	11:40 - 11:50

TCMF Objective and Expectations

Objective

Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.

Anyone can bring an agenda item (not just the ESO!)

Expectations

Be respectful of each other's opinions and polite when providing feedback and asking questions

Contribute to the discussion

Language and Conduct to be consistent with the values of equality and diversity

Keep to agreed scope

Review of previous actions

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
23-04	May 23		TCMF feedback to be sent out at the end of next meeting	Claire Huxley	Welcoming feedback from TCMF participants on how TCMF could be improved		Open

Code Administrator update

Milly Lewis - Code Administrator ESO



Code Administrator Update

Milly Lewis – Code Administrator ESO



Key Updates since last TCMF

New Modifications

- None

Decisions

- **CMP379: Determining TNUoS demand zones for transmission - connected demand at sites with multiple Distribution Network Operators (DNOs)** Send back on 09 June 2023
- **CMP286 and CMP287: 'Improving TNUoS Predictability through Increased Notice of the Target Revenue & Inputs used in the TNUoS Tariff Setting Process'** Send back on 30 June 2023

Implementations

- None

Key Updates since last TCMF

Current Consultations

- **CMP411** (Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies) Workgroup Consultation ends **5pm 7th July 2023**
- **CMP379** (Determining TNUoS demand zones for transmission - connected demand at sites with multiple Distribution Network Operators (DNOs)) Second Code Administrator Consultation end **5pm 26 July 2023**

Other

- **CMP331** (Option to replace generic Annual Load Factors (ALFs) with site specific ALFs) - Final Modification Report to be submitted to Ofgem on 12 July 2023
- **CMP330/CMP374** (Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length & CMP374: Extending contestability for Transmission Connections) and **CMP414** (CMP330/CMP374 Consequential Modification) – DFMRs will go to July CUSC Panel
- **CMP396** (Re-introduction Of BSUoS on Interconnector Lead Parties) – will run as a Code Administrator Consultation dates TBC
- **CMP398** (GC0156 Cost Recovery mechanism for CUSC Parties) and **CMP412** (CMP398 Consequential Charging Modification) Final Modification Report to be submitted to Ofgem on 11 July 2023

Useful Links

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

Ofgem’s expected decision date / date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision is [here](#)

For summary of key decisions at latest Panel please click [here](#)

For current prioritisation stack please click [here](#)

CUSC 2023 - Panel dates

CUSC	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
January	27 (Face to Face Meeting)	19	12	5
February	24	16	9	2
March	31	23	16	9
April	28 (Face to Face Meeting)	20	13	6
May	26	18	11	4
June	30	22	15	8
July	28	20	13	6
August	25	17	10	3
September	29	21	14	7
October	27 (Face to Face Meeting)	19	12	5
November	24	16	9	2
December	15	7	30/11	23/11

TNUoS Task Force verbal update

James Stone - ESO

GB Connections Reforms update

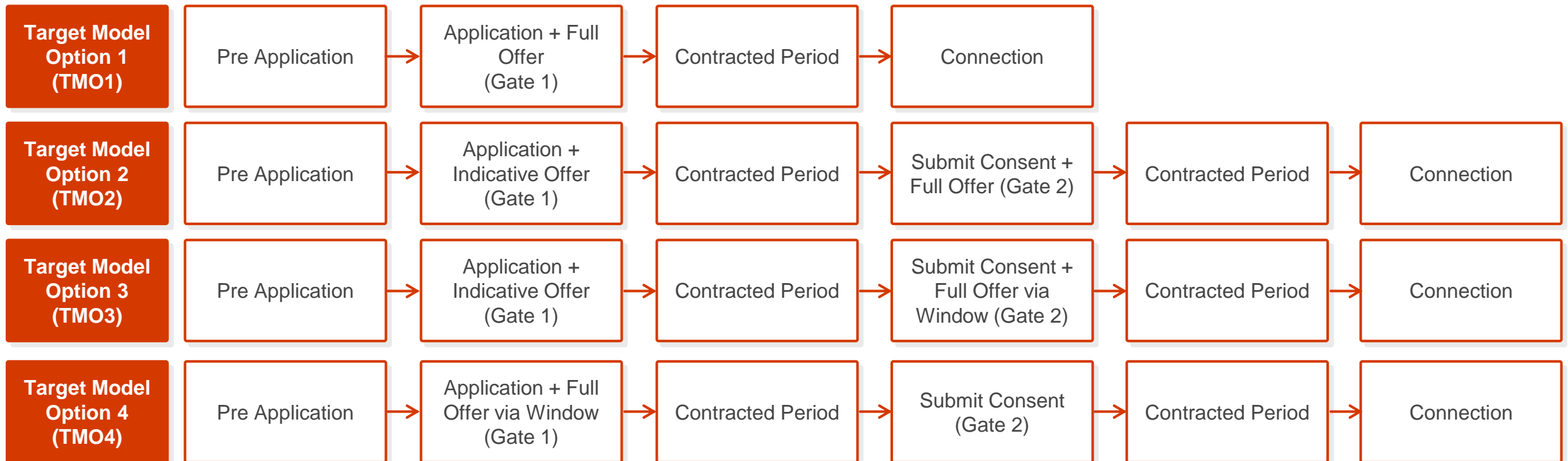
Dovydas Dyson - ESO



The Target Model Options

Feedback and evolution led to 4 Target Model Options (TMOs) been developed

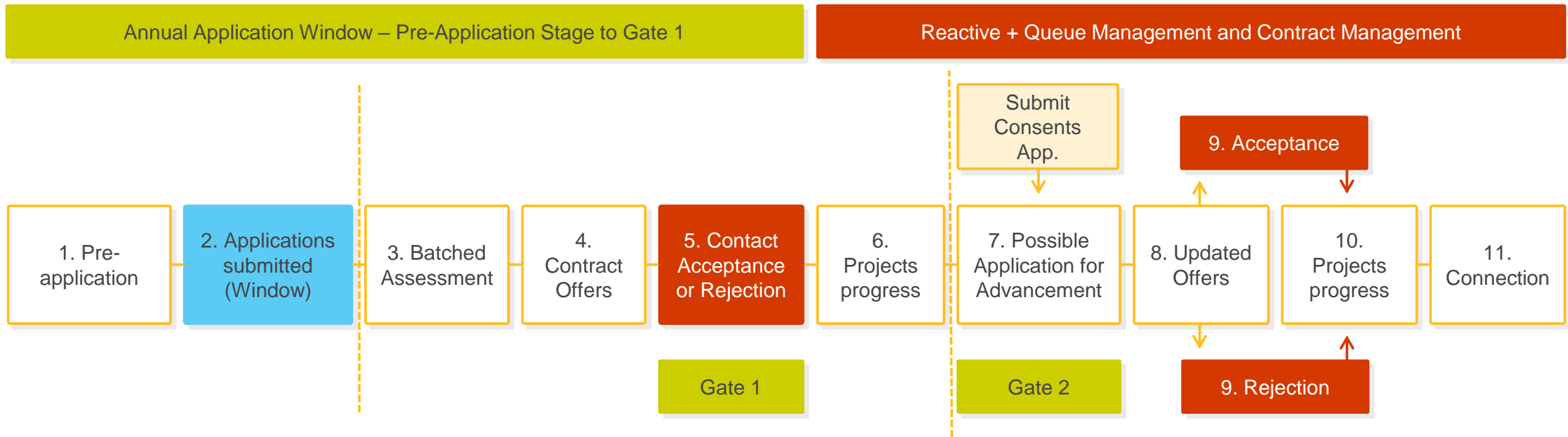
- Each TMO consists of a core process and a selection of changes from **18** add-on categories.
- Other core processes were considered but not progressed (e.g. more / later gates and multiple window processes).



Initial Recommendation Summary

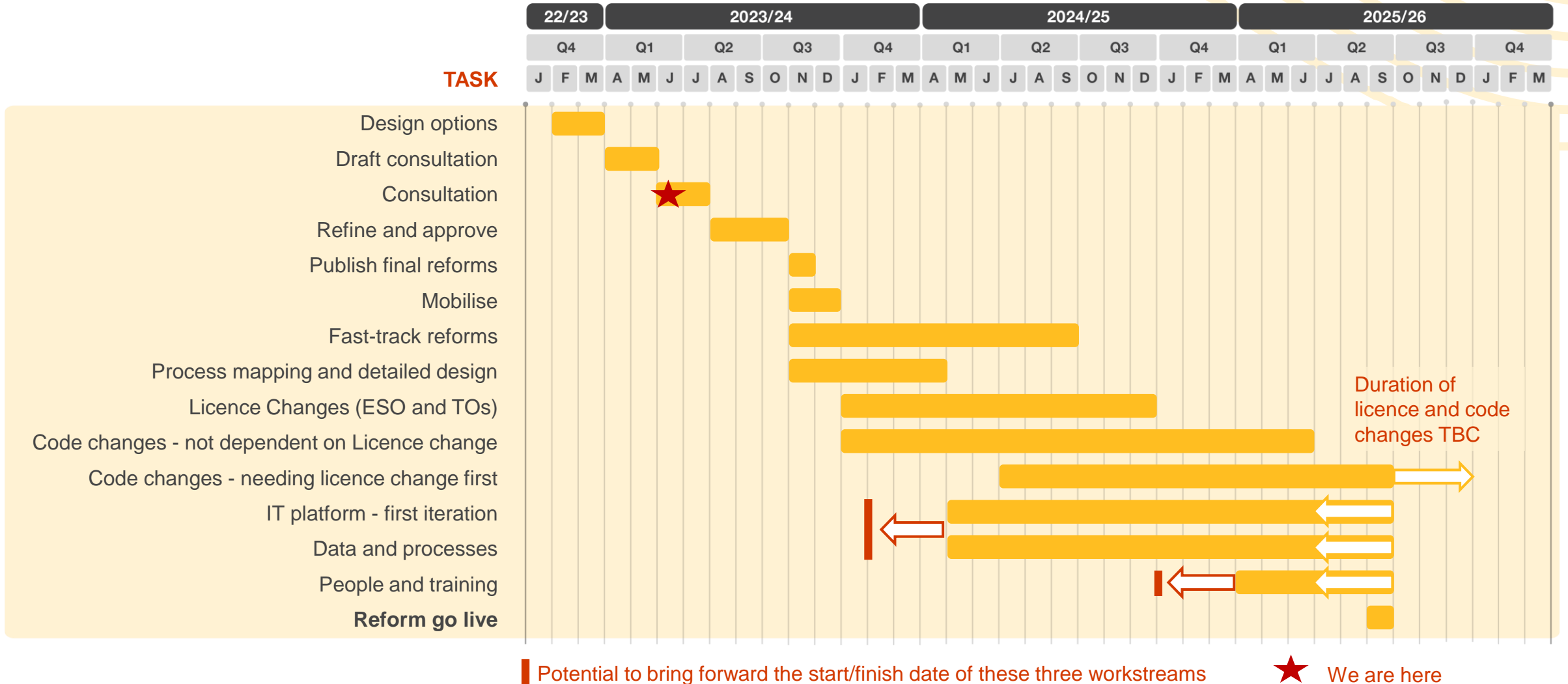
Our initial recommendation is for Target Model Option 4.

- It has an early window for coordinated network design and a later gate for potential acceleration of progressing projects.
- Various other improvements throughout the process based on feedback.



Potential Timeline

This is our indicative implementation plan – pending consultation feedback.



CISG subgroup update

Alison Price and Joseph Henry - ESO

CISG Subgroup – Connections strategic change and impacts to CUSC

Background

- In February 2023, the Connections team within ESO kicked off their [five point-plan](#) to update the existing connections process in the short-term for the electricity transmission grid to compliment their programme of [longer-term reform](#).
- In June, we received significant feedback from CUSC Panel around visibility and governance of the connections initiatives and other reforms and in particular how this has been represented in recent press releases.
- We had a specific request to set up a sub group to discuss strategic connections initiatives in more detail.
- We can confirm the first sub-group meeting will take place 18 July @10:00.

Who can join, and what is the commitment?

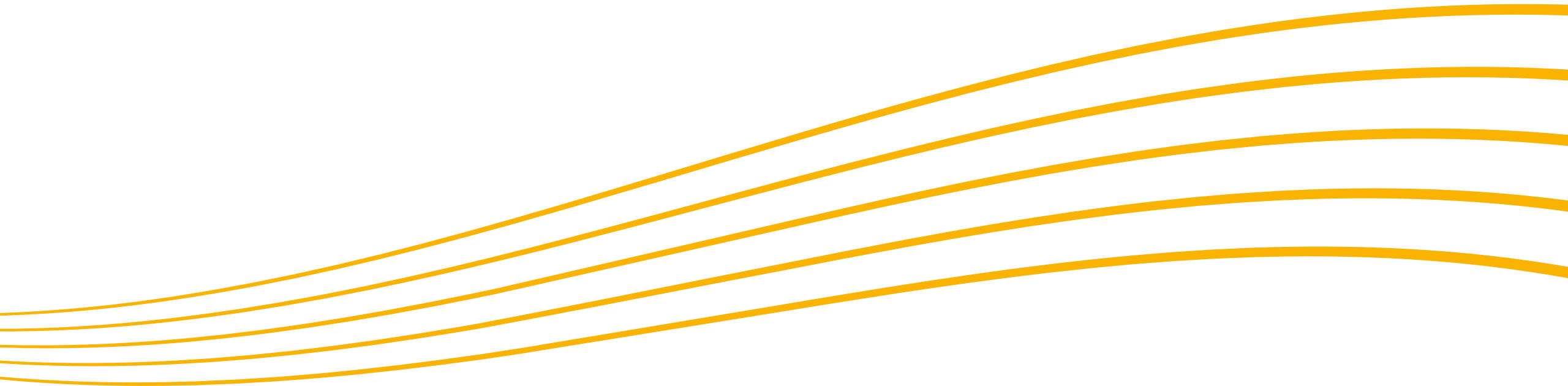
- The subgroup will be open to all interested parties and will meet monthly.
- The TOR will be reviewed after 6 meeting to assess suitability for continuing into 2024.
- The first meeting will be held virtually and a teams invite will be sent out to any stakeholder requesting attendance.
- Draft Terms of Reference and Agenda to be sent out before the meeting.
- Please provide feedback on draft ToR before the meeting where possible.

I am interested, how do I sign up?

- Please email Joseph Henry (joseph.henry2@nationalgrideso.com) or Alison Price (alison.price@nationalgrideso.com) to sign up for the subgroup by 14 July 2023.

TNUoS Expansion Constant data

Nick Everitt - ESO





TNUoS Expansion Constants data calculated by ESO

Background

- Ahead of the current Price Control (in 2020), the ESO reviewed the Expansion Constant (EC) values as required by the CUSC.
- This (Aug 2020) analysis resulted in a significant increase to the value (+83%) of the EC for 400 kV Overhead Lines (OHLs) resulting in higher tariffs for some regions (+60% for N. Scottish generation), which would have been effective from April 2021.
- To avoid these forecast short notice step changes to charges the ESO raised an urgent modification (CMP353) to instead stabilise the EC at its current value at the time.
- As part of ongoing work to review the EC methodology (CMP315/375), errors have now been found in relation to the original CMP353 analysis.

Important : further work has now been undertaken which applies the correct assumptions/factors to a set of updated TO cost data/RIIO-2 financial parameters (provided Dec 2020 - post the CMP353 decision) - this indicates that had CMP353 not been implemented the final EC and tariffs (from Apr21) would have been significantly higher for some areas.

Detail

- The latest modelling (CMP315/375) results in EC values that are significantly higher than previous analysis - the expectation would be that tariff impacts should correlate and increase similarly.
- Although the analysis results in larger changes to the EC, the resulting tariff impacts are almost half previously suggested as part of CMP353.
- The original analysis has now been revisited to better understand the output variances - some can be attributed to changes to data sets over the period. However, the largest driver is an incorrect treatment of HVDC and undersea circuits costs in the original analysis. Essentially, the costs for the analysis were not updated (at that time) with the latest annuity factor, or the cost ratio associated with the updated “benchmark” cost.
- This led to tariffs in some regions (used as the case for change) being overstated i.e. if the assumptions/factors applied to the HVDC costs at that time had been updated correctly, the increase to tariffs stated in CMP353 would have been significantly less.
- Per the final point on the previous slide, further work has now been undertaken which applies the correct assumptions/factors to a set of updated TO cost data/RIIO-2 financial parameters (provided Dec 2020 - post the CMP353 decision) - this indicates that had CMP353 not been implemented the final EC and tariffs (from Apr21) would have been significantly higher for some areas.

Analysis results

Timing	Data used	Outcome
Pre CMP353 (Aug 2020)	Financial parameters in Ofgem's draft RIIO-2 determinations; The initial set of TO data that was provided to us from 2 of the 3 onshore TO's.	EC moved from £15.1 to £27.4/MWkm Tariff* moved from £26.4 to £43.1/kW
Data review no 1 (during CMP315/375)	Same as in Pre CMP353 (Aug 2020). In the tariff analysis, HVDC and undersea circuit modelling are corrected.	EC moved from £15.1 to £27.4/MWkm Tariff* moved from £26.4 to £32.9/kW
Data review no 2	Financial parameters in Ofgem's final RIIO-2 determinations; Final TO data submissions in late 2020 as per STCP 14-1	EC moved from £15.1 to £50.4/MWkm Tariff* moved from £26.4 to £50.9/kW

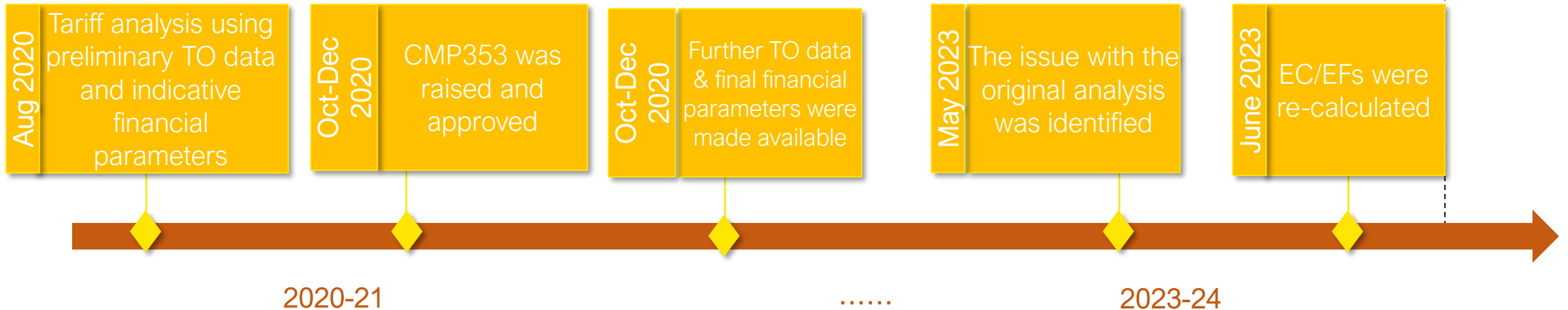
* Tariff for intermittent generators in generation zone 1, assuming 40% Annual load factor (ALF)

Timeline

Based on the August 2020 analysis, CMP353 was raised as an urgent mod, and was approved on 2nd December 2020.

Final TO data were received as per the STC timeline of 31st October 2020.

Final decision on financial parameters was published on 8th December 2020.



Next steps

- Following the issues recently identified we have now introduced additional steps within our analysis processes to mitigate future risks.
 - Processes are reviewed and updated when implementing methodology changes (e.g. upon introduction of project-specific circuit costs into tariff calculation)
 - Cross-training and rotation of tasks to ensure process knowledge is shared across the team
 - Ensure analysis is reviewed by an experienced team member
 - Calculations to be simplified where possible (always in line with obligations)
- If there is appetite, we can hold a more detailed, specific TCMF session where the ESO team(s) can take in-depth queries to allow industry to better understand the issues and steps being taken.

Comfort Break

Back in 5mins!



TCMF Feedback

Claire Huxley - ESO



TCMF feedback

Number	You said	Suggestion
1	Provide sufficient time for adequate discussion	<p>We try to pre-empt the time allocation appropriately and on occasion we do get this wrong. Where this has occurred, we provide further time in subsequent forums, take questions offline and present this back, or try to provide time in AOB.</p> <p>We will continue to do this, and welcome feedback when we haven't met your expectations.</p>
2	Meeting invite is till 1pm, the agenda does not normally run til this time so it creates confusion.	<p>Meeting invites are sent out for the year ahead. This far in advance it is not possible to ascertain the agenda items and timings needed.</p> <p>We will update the calendar invite to align with the agenda timing when the agenda gets finalised.</p>
3	The meeting has no breaks and it's rather long	<p>We have introduced a small comfort break after an hour of content, to allow for a rest.</p>
4	Deepdives of topics would be useful	<p>We want to make sure the content is appropriate for all attendees, and that there is sufficient time for all agenda items. We welcome requests for deepdives, and would ask that this is raised in AOB so it can be captured in early and give enough time for content to be developed.</p>



TCMF feedback

We'd like to know more about what works for you, and where TCMF can be improved.

Following the conclusion of this meeting, a link will be posted in the meeting summary that will take you to a feedback form.

We'd welcome your views on the following:

1. On a scale of 1-10 (1 being not at all and 10 being extremely positive), how useful and informative do you find TCMF?
2. What TCMF should continue doing?
3. What TCMF should stop doing?
4. What amendments should be made to TCMF?
5. What should TCMF start doing?
6. Any other comments

We request feedback is provided by the 26th July and will share this output with you in the August TCMF.



Enduring BSUoS TCMF Sub-group

Verbal update
Alice Taylor - ESO



AOB & Close