



# Agenda

## 10:00 – 11:55

- > 10:00 Welcome
- > 10:30 Scene Setting and Ways of Working
- > 10:40 Agenda & Role of Chair
- > 10:50 Introductions
- > 11:30 Ofgem Update
- > *11:55 Break*

## 12:10 – 15:00

- > 12:10 Expectations
- > 12:50 Introduction to Principles of TNUoS
- > *13:00 Lunch*
- > 13:45 Principles Cont'd
- > 14:30 Feedback & Further Discussion
- > *15:00 Break*

## 15:15 – 16:00

- > 15:15 CUSC Modifications
- > 15:30 Terms of Reference
- > 15:35 Scope Process Flow
- > 15:40 Achievements
- > 15:45 Future Dates & Locations
- > 15:55 Next Steps & Close



# TNUoS Task Force

## Meeting 1

13<sup>th</sup> July 2022



# Scene Setting

Harriet Harmon

# ➤ Ways of Working

## Virtual

- Please mute unless talking
- The Chair will ensure you're included; raise your hand on Teams to come in
- Use the chat function to flag connection issues
- Keep cameras on for active discussion



- Talk – pause – talk
- Don't talk over people and let others contribute



Understand not everyone processes information and comes up with ideas in the same way



Use the breaks to reflect and recharge



If the fire alarm goes off, please exit the building assemble at the evacuation point

# Agenda & Role of Chair

Jon Wisdom

# ➤ Role of the Chair



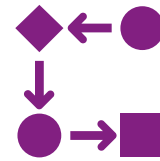
Acts in an independent capacity



Facilitates discussion and ensures all members are able to contribute their views



Provides leadership to the Task Force



Coordinates with the Secretariat to ensure appropriate policies and procedures are in place



Ensures each meeting is conducted in accordance with the Terms of Reference



Ensures regular updates are provided to Ofgem on the Task Force

# Introductions

## All

- Name
- Pronouns
- Interest group
- Organisation and role
- What you bring to the Task Force

# Ofgem Update

Harriet Harmon



# Ofgem Update

30 May 2022

## Call For Evidence – Transmission Network Use of System Charges

**This Call for Evidence is open from 1 October 2021 to 12 November 2021**

**Primary contact:** Harriet Harmon, Head of Electricity Transmission Charging Policy  
**Responses should be sent to:** [tnuosreform@ofgem.gov.uk](mailto:tnuosreform@ofgem.gov.uk)

## Transmission Network Use of System Charges – a Task Force Update

**Primary contact:** Harriet Harmon, Head of Electricity Transmission Charging Policy  
**Contact:** [tnuosreform@ofgem.gov.uk](mailto:tnuosreform@ofgem.gov.uk)

## TNUoS Task Forces



## Call For Evidence – Transmission Network Use of System Charges

### Our next steps, and a summary of your responses

**Primary contact:** Harriet Harmon, Head of Electricity Transmission Charging Policy  
**Contact:** [tnuosreform@ofgem.gov.uk](mailto:tnuosreform@ofgem.gov.uk)

First TNUoS Task Force meeting

9 > TNUoS Task Force > Meeting 1 > 13 July 2022

# ➤ Ofgem Update

Destination

All  
Task Force  
Members

Engagement

Co-ordination



# Ofgem Update



Department for  
Business, Energy  
& Industrial Strategy

CUSC Modification Proposal Form		At what stage is this document in the process?
<b>CMP317:</b> <b>Mod Title:</b> Identification and exclusion of Assets Required for Connection when setting Generator Transmission Network Use of System (TNUoS) charges	01	Proposal Form
	02	Workgroup Consultation
	03	Workgroup Report
	04	Code Administrator Consultation
	05	Draft CUSC Modification Report
	06	Final CUSC Modification Report



**ofgem**  
Making a positive difference for energy consumers

## Decision

CMP343 – Decision and final impact assessment	
<b>Publication date:</b>	10 March 2022
<b>Contact:</b>	Andrew Malley, Head of Electricity Network Charging
<b>Team:</b>	Charging and Access
<b>Tel:</b>	020 7901 7300
<b>Email:</b>	<a href="mailto:ElectricityNetworkCharging@ofgem.gov.uk">ElectricityNetworkCharging@ofgem.gov.uk</a>

Mods in progress

Direction of travel

Laying the foundations



**Break**

**Next session starts at 12:10**





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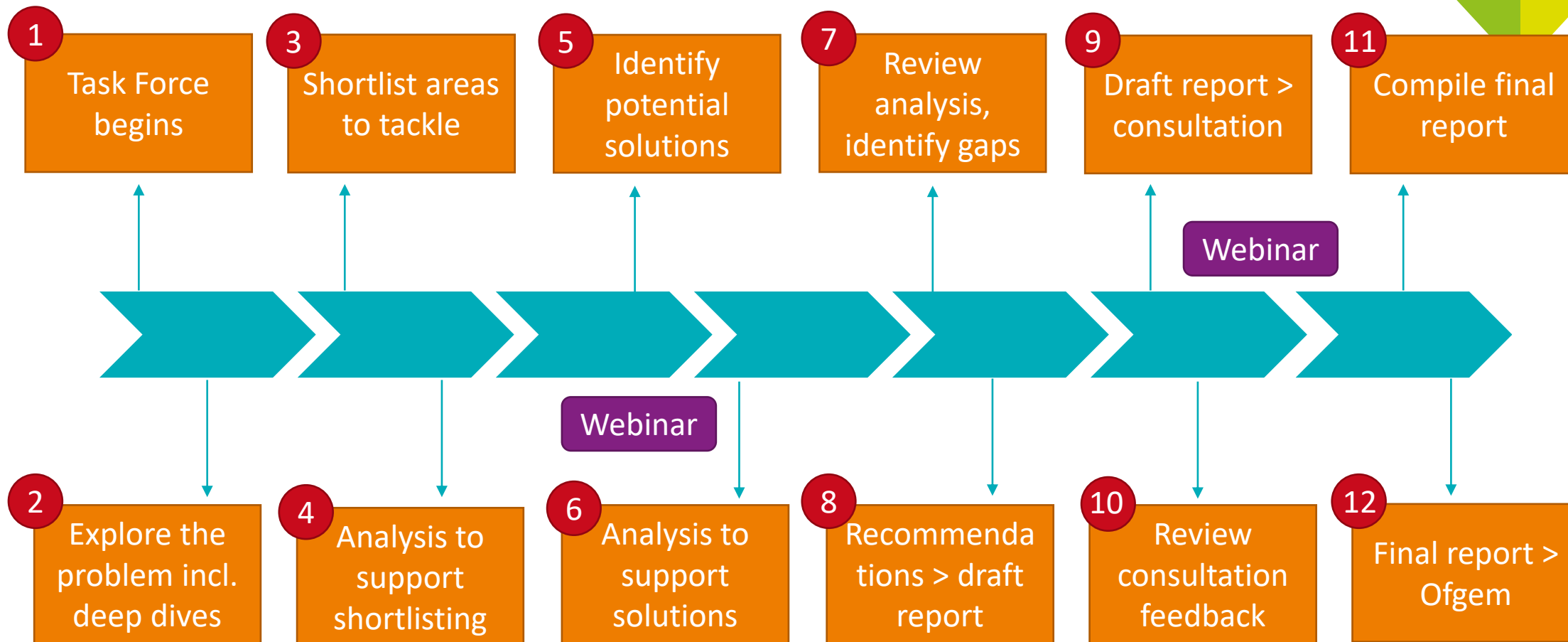
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# Expectations

Jon Wisdom

# Task Force Process





# Engagement

What are the different routes of engagement?

Charging  
Futures  
Forum  
Updates

Podcasts

Charging  
Futures  
Forum  
Events

Task Force  
Consultation

Mid  
Task Force  
Industry  
Webinar



# Engagement

## What does good engagement look like?

“I understand how my business model may be affected by the proposed changes”

“I understand the routes of feedback available to me”

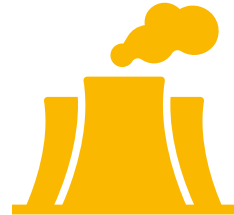
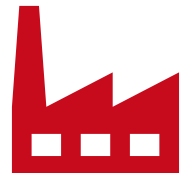
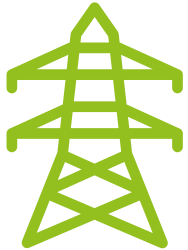
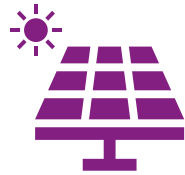
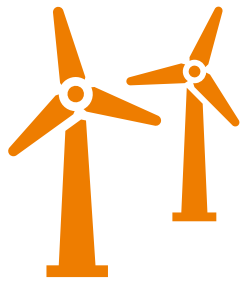
“I understand how the consultation process will work”

“I know what the Task Force is doing and get regular updates”

“I don't have to know everything that happened in the last ten years of code modifications to understand what's happening”

# Engagement

Which groups do we need to engage?



# Introduction to Principles of TNUoS

James Stone

# ➤ Defining the Problem

## TNUoS is unpredictable – how do we improve it?

- What are the root causes of unpredictability of TNUoS charges?
- How might these be addressed?



## Cost reflectivity is also important – how do we improve it?

- How is the input data used to calculate the locational element of TNUoS to ensure charges remain cost reflective?
- Consideration of the inherent trade-off between improving predictability and cost reflectivity within the current model.

# TNUoS Core Principles

**We have identified 5 key principles. These are:**

1. The more transmission system you use (or needs to be built for your use), the higher the incremental cost you should pay - and vice versa;
2. Level playing field – non discriminatory treatment;
3. Balance cost reflectivity, stability and predictability;
4. TNUoS reflects the long-run incremental cost of the transmission system (i.e. the physical assets), not operation of the transmission system; and provides a long-run marginal signal; and
5. What signals could TNUoS send?



**Lunch**

**Next session starts at 13:45**





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# Principles Cont'd

James Stone



# ➤ Core principles to agree...

## 1. The more transmission system you use (or needs to be built for your use), the higher the incremental cost you should pay - and vice versa;

- > The greater distance your energy is transported, the greater the charge
- > The larger the capacity, the larger the charge
- > The higher the load factor, the higher the charge
- > Any others?

} Transmission system (asset) cost driven by capacity



# ➤ Core principles to agree...

## 2. Level playing field – non discriminatory treatment;

- > Simple methodology – complexity (granular level) can be a barrier to new participants
- > Clear and transparent
- > All things equal - Identical treatment for identical parties
- > Technology agnostic
- > Sends useful price signals that only discriminate based on the users impacts on the transmission system
- > Reducing distortions – may improve competition





# Core principles to agree...

## 3. The methodology should be modular by design;

- > Each module (building block) of the methodology should serve a defined purpose
- > Each module (and new modules) needs to be defined and reviewed
- > E.g. a new module to signal excess/insufficient capacity at each node (transmission site)

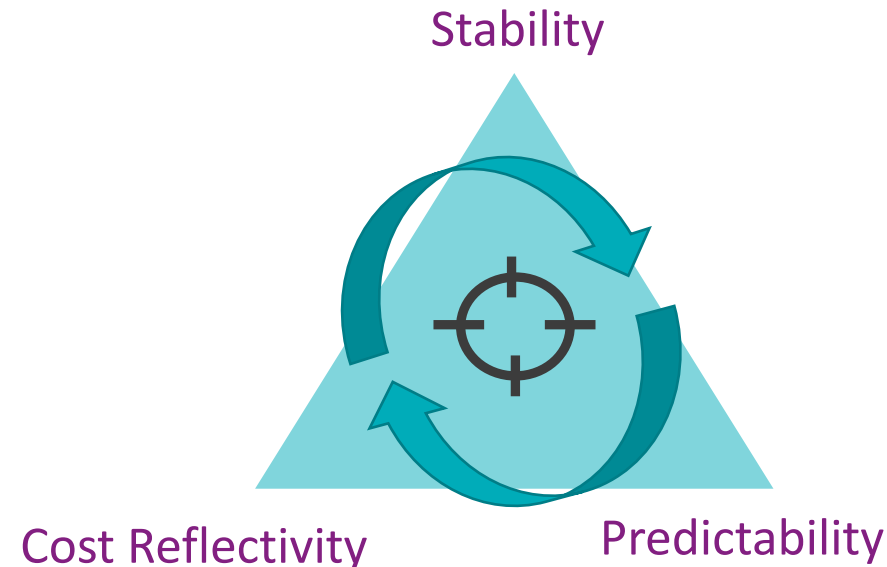
This slide has been updated post meeting to better reflect the discussion

The Task Force agreed this principle should be removed

# Core principles to agree...

## 3. Balance cost reflectivity, stability and predictability;

- > Cost reflectivity - degree of averaging vs granularity is important
- > If predictability can't be achieved then cost signals must be useful
- > Need to understand what industry value more and why
- > Doesn't mean there are any 'no regret' improvements that should be ruled out and cannot be made



# ➤ Core principles to agree...

## 4. TNUoS reflects the long-run incremental cost of the transmission system (i.e. the physical assets), not operation of the transmission system; and provides a long-run marginal signal

- > Physics dictates what/how the network is used, not economics (i.e. a user can't choose to 'not use' part of the network - current flows across the system from point of generation to demand in accordance with physical laws, regardless of where the demand is – it's all or nothing!)
- > What duration is long-run - next year, next price control?
- > Forward looking signals – is historical data appropriate or is there a need to use forward looking data inputs?
- > Should TNUoS better reflect “real drivers”?

# ➤ Core principles to agree...

## 5. What signals should TNUoS send?

- > Temporal (Time of Use) – what timescale? Intra-day, intra-season, intra-year?
- > Geographic – locating generation & demand capacity in close proximity and keeping them balanced
- > Capacity availability – where capacity is abundant or scarce - Question of how sharing, redundancy etc is reflected in this signal
- > Signals must be effective & useful (create the right incentives) – no point if they're ignored
- > Investments signals but also closure signals
- > Anything else?



# Feedback & Further Discussion

James Stone

**Break**

**Next session starts at 15:15**







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# CUSC Modifications

James Stone



# CUSC Modifications

## Understanding the lifecycle

Lifecycle Stage	Notes
Proposal	Modification likely to be raised but hasn't yet
Raised	Modification raised but no workgroups undertaken yet.
Workgroup (early)	Workgroups in progress but no industry consultations issued
Workgroup (advanced)	Workgroups in progress and consultation issued
Pre-Ofgem	Workgroup's activities finished and in process of being sent to Ofgem (i.e. Code Admin Consultation, draft Final Modification Report and Final Modification Report)
Awaiting Decision	With Ofgem for Decision
Awaiting Implementation	Decision made but not yet implemented

# CUSC Modifications

## Assessing the interactions

Taskforce Interaction	Notes
High	Directly in Task Force's Terms of Reference. Significant impact on the methodology and the principles behind the methodology. Should not be allowed to progress until Task Force progressed
Medium	Linkage between the modification and Task Force, large impact on a small part of the methodology or affects a principle. Progress of both the Task Force and proposal is possible but high risk of duplication if progressed in parallel
Low	Possible linkage between the modification and Task Force, progression of modification is recommended but Task Force needs to monitor progress
None	Task Force confident of no interaction currently or in future - remove from Tracker

# Terms of Reference

Jon Wisdom

# Scope Process Flow

Naomi De Silva

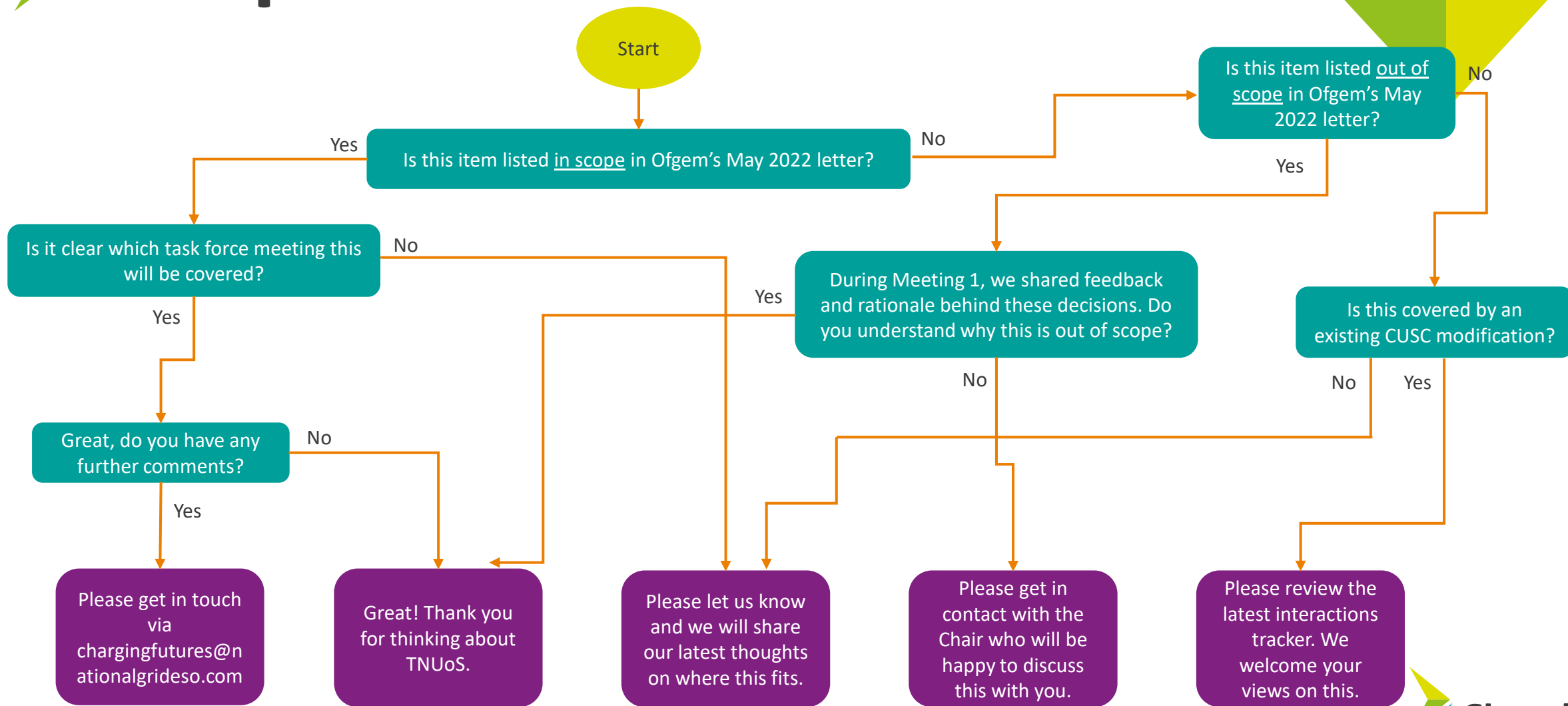


# Scope Process Flow

We would like you to use the following process flow to ensure items are raised in a way that makes best use of task force resources

- > We will also share this during the next Transmission Charging Methodology Forum (TCMF)

# Scope Process Flow





# Achievements

Jon Wisdom

# Achievements

**What three things has the Task Force aimed to achieved today?**

- > Identified the problem statement (**started**)
- > Agreed expectations (**achieved**)
- > Agreed the principles of TNUoS (**started**)

# Future Dates & Locations

Jon Wisdom

# Proposed timeline

## Considerations

The following dates and locations have been considered to balance geographic travel, existing workgroups, TCMF, CUSC panels and holiday periods.

- > 10<sup>th</sup> (v) August
- > 7<sup>th</sup> (B) & 21<sup>st</sup> (L) September
- > 5<sup>th</sup> (v) & 19<sup>th</sup> (E) October
- > 2<sup>nd</sup> (v) & 16<sup>th</sup> (B) November
- > 7<sup>th</sup> (v) December
- > 4<sup>th</sup> (v) & 18<sup>th</sup> (B) January
- > 1<sup>st</sup> (v) & 15<sup>th</sup> (L) February\*

(B) Birmingham  
(E) Edinburgh  
(L) London  
(v) Virtual

Dependent on content Agendas and Papers will be circulated by 5pm on the Monday before the meeting

\* Subject to a proposed six week consultation period

# Next steps

Jon Wisdom



# Meeting outputs

## Future meetings

As agreed earlier the dates will be sent out before the end of next week

- > Please respond to these as soon as possible
- > Please make your alternate/ Task Force member aware when you are unavailable

## Communication

The summary document for meeting will be shared via the Charging Futures distribution list by Wednesday

- > Please direct your interest groups to join the distribution list and start checking the website for updates

## Feedback

You will receive a link to a brief questionnaire on how you can be best supported

- > Please complete the form by Friday 12pm



**Thank you**

**Next meeting is 10<sup>th</sup> August  
10:00-16:00 via Teams**

