

# Code Administrator Meeting Summary

## Meeting name: CMP405 - TNUoS Locational Demand Signals for Storage Workgroup Meeting 6

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Date: 07/02/2024

### Contact Details

Chair: [catia.gomes@nationalgrideso.com](mailto:catia.gomes@nationalgrideso.com)

Proposer: [damian.clough@sse.com](mailto:damian.clough@sse.com)

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## Key areas of discussion

### Review Action Log

The Chair led a review of the Action Log.

### Proposer Extra analysis presentation

The Proposer presented slides on Demand Credits.

The Proposer highlighted two potential solutions to the defect one using Constrained ALF and one using Import ALF, advising that the Import ALF would be the easier implementable solution. Main highlights were:

- In reference to Constrained ALF it was noted by the Workgroup a need to consider the time of day and the effect of storage importing over different periods, commenting on the potential requirement to modify ALF over time periods. It was also noted that Demand is charged at higher rates in the South. The Proposer suggested the proposed solution will use the Negative year-round, but there would need to be a slightly different answer for Import ALF.
- A Workgroup member noted that when Demand is very low an ALF based on TRIAD could be used and highlighted the need to consider the time of day, for instance when constraints are not present and rewarding for consumption, commenting that TNUoS costs become related to consumption price. The Proposer commented that ALF is better than the baseline but asked if it could be better.
- A Workgroup member highlighted that a Constrained ALF would move costs for managing a constrained network around between parties and questioned the benefit to system investment and suggested that these are operational costs, and these demands are managed by the Balancing Markets, stating the cost and need for investment remained and the management of constraint would just be spread differently. The Proposer stated that constraining off Wind is expensive. The Workgroup member suggested that Storage soaks up capacity, the situation and

exists even if displaced in part for a period. One Workgroup member asked if solution is reducing investment costs or deferring? The Proposer answered that it would likely be delaying.

- A Workgroup member shared their opinion that you would not want to incentivise Storage being built in the wrong places. The Proposer stated that the intent is not to penalise Storage located in the South.
- One Workgroup member asked, does it matter what the type of Demand is rewarded by the modification, and should there be a qualification? The Proposer suggested a letter stating storage. The Workgroup member then suggested using classification by type of user.
- A Workgroup member shared several implications of Constrained ALF, stating it would be very difficult to measure Constrained ALF, highlighting the different geographical patterns nationally. The Proposer clarified that the solution would only apply to Generation zones and only be applied to storage.
- One Workgroup member shared that during Phase 2 of the TNUoS Taskforce consultants Frontier Economics did some work on Backgrounds and looked at storage behavior around peak flows, charting 96 periods through a year looking at behaviors. The Workgroup member suggested this information could be of use to the Proposer and Workgroup.
- The Proposer clarified thoughts that the solution is to use ALF and only be applied to storage in negative Generation zones.

### Extra analysis

The Proposer shared with the Workgroup the slides that show the total system benefits and explained that the modelling shows system costs savings of between £250m to £430m per year between 2035 and 2050 in the long duration storage scenario, and between £90m to £190m per year in the shorter duration factual scenario.

Workgroup members questioned the assumptions behind the results and if these results are in relation to the implementation of the modification or just due to future increase in storage?

The Proposer will clarify this with LCP and revert to the Workgroup.

When questioned about the modelling of extra zones to help quantify the issue, the Proposer advised that he would have a conversation with the Authority with regards to this topic to access the need for the data. The Proposer will update the Workgroup on the next meeting.

### Review of Timeline

The Workgroup agreed the latest amendments to the timeline.

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### **Next Steps**

- Proposer to clarify the assumptions behind the benefits in the analysis.
- Proposer to clarify with the Authority the need for the modelling of extra zones.

- ESO representative to advise on when the NOA data will be available.

**Actions**

For the full action log, [click here](#).

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
7	WG3	ALL	Workgroup members to consider the 4 solutions the proposer presented and provide any feedback.	Proposer now has one preferred option.		Closed
8	WG3	Proposer	To clarify: Year-Round Demand		WG4	Open
16	WG4	DC	Model the network charges to further consider the consumer impact.	Covered in slides presented at WG6	WG5	Closed
18	WG5	SD	ESO to provide data on assumptions for storage investment.	Request now shared with CMP393. NOA team cannot cover off all the questions. A wide range of teams within the ESO have now been contacted.		Open
19	WG5	DC	To provide specifics for the relevant analysis required from the ESO.		WG6	Closed
20	WG5	DC	Discussion with Ofgem around displacement of Gas Generation. Is TNUoS the best place for this issue? Evidence required.			Open
21	WG5	DC	Further analysis required from LCP/ Frontier - Consumer impacts and other zoning	Presented at WG6	WG6	Closed
22	WG5	DC	Engage with TOs offline			Closed
23	WG6	DC	Provide details behind Factual and Counterfactual with reference to Slide 8 "Show total System Benefits"		WG7	New
24	WG6	DC	Provide details of the benefit CMP405 will make to consumer cost not just general storage on		WG7	New

			system. Slide 9 “Show total System Benefits”			
25	WG6	DC /SD	Provide Section 14 legal text for solution.	SD have offered assistance.	WG7	New
26	WG6	DC	Solution to be run against the defect		WG7	New

**Attendees**

Name	Initial	Company	Role
Catia Gomes	CG	Code Administrator, ESO	Chair
Andrew Hemus	AH	Code Administrator, ESO	Tech Sec
Damian Clough	DC	SSE Generation	Proposer
Stephan Dale	SD	ESO	ESO Rep
Angeles Romero	SSE	SSE Generation	Observer
Damian Jackman	DJ	Field Energy	Observer
Daniel Hickman	DH	ESO	Observer
Ishtyaq Hussain	IH	ESO	Observer
John Prime	JP	Amp Energy	Workgroup Member
Lauren Jauss	LJ	RWE	Workgroup Member
Mark Field	MF	Sembcorp	Owner
Phoebe Finn	PF	Statera Energy	Workgroup Member
Robert Newton	RN	Zenobe	Workgroup Member
Simon Lord	SL	First Hydro Company	Workgroup Member