

## Meeting report

<b>Meeting name</b>	Transmission Charging Methodologies Forum and CUSC Issues Steering Group
<b>Date of meeting</b>	Wednesday 11 <sup>th</sup> October 2017
<b>Time</b>	10:30 – 12:00
<b>Location</b>	National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Jon Wisdom	JW	National Grid (Chair)
Caroline Wright	CW	National Grid (Code Administrator)
Damian Clough	UM	National Grid (TCMF Technical Secretary)
Rachel Tullis	RT	National Grid (Presenter)
Paul Wakeley	PW	National Grid (Presenter)
Charlotte Friel	CF	Ofgem (Presenter)
Binoy Dharsi	BD	EDF
Robert Longden	RL	Cornwall
Garth Graham	GG	SSE
Chris Granby	CG	Infinis
Nicola Percival	NP	Innogy Renewables UK
Tim Collins	TC	Centrica
Simon Holden	SH	Lloyd's Register
Claudia Stocco	CS	Smartest Energy
Daniel Hickman	DH	npower
Franck Latremoliere	FL	Reckon
Caroline Bragg	CB	Renewable UK
Paul Mott	PM	EDF Energy
Nicola Fitchett	NF	RWE
Karl Maryon	KM	Haven Power
Paul Jones	PJ	Uniper
James Anderson	JA	Scottish Power
Peter Bolitho	PB	Waters Wye
Aled Moses	AM	Dong

All presentations and supporting papers given at the TCMF meeting can be found at:  
<http://www2.nationalgrid.com/uk/Industry-information/System-charges/Electricity->

## **1 Modifications and CUSC Panel Update – Caroline Wright, National Grid**

1. Ongoing CUSC modification proposals were presented with updates/ information for each, including any decisions made by the Authority. CMP284 was highlighted with regards to the next meeting to be held after discussion with the proposer with a training session held before this meeting.
2. CW also gave a brief update on the CUSC Panel elections announcing the new Panel members and alternates.

## **2 Ofgem Charging Futures – Charlotte Friel**

3. CF gave an update on the SCR and structure of the Charging Futures Forum. Ofgem will soon be publishing a brief guide on the treatment of modifications that relate to the Targeted Charging Review (TCR) Significant Code Review (SCR) and the Charging Futures Forum (CFF).
4. TC asked CF “When are you hoping to make decisions and announce to industry on scope items of the task forces and the other embedded benefits not tackled under 264/265”. CF: April next year (2018)
5. GG: Further discussion was had with regards the publishing of minutes from the CFF, and GG asked whether there could be a website which contained all of the information from meetings, and lists members of the CFF, stating that it was important that industry was kept informed. We would expect all details of the meetings to be made publically available, so stakeholders can make provide views, to ensure it’s not just delivery bodies views. Following on from the meeting it was confirmed that the Charging Futures website has now gone live. <http://www.chargingfutures.com/>.
6. GG: Can other bodies propose modifications at any time if they are out of scope.CF confirmed and gave CMP284 as an example

## **3 CMP264/265 Implementation & Billing Paul Wakeley National Grid**

7. Following the Authority’s decision to implement (WACM4) of CMP264/265, PW presented to Industry how the TNUoS Demand tariffs structure would change, details of how the AGIC (TNUoS (Avoided GSP Infrastructure Credit) value had been calculated, and the demand forecasts used to calculate Gross Demand and Embedded Export Tariff.

8. A lot of the initial discussion revolved around the recent announcement from Ofgem that they have been served with a claim for judicial review concerning its decision on industry proposals CMP264 and CMP265. Following a number of questions JW stated: The people within this room are unsure of the exact answers to some of these questions and we will seek a definitive answer (**Action**). The original slides presented by Paul Wakeley were amended to confirm the status of the proceedings.
  
9. PW: The purpose of this presentation is that at the moment 264/265 is part of baseline and we are required to set/forecast tariffs according to baseline. However it was stated by members that for CMP213 it took 3 months for a JR to be formally raised so if this was similar then the statement that won't affect tariffs for 2018/19 is rather bullish. Following this TC asked when forecasting tariffs if a scenario could be included where 264/265 wasn't implemented as National Grid had done something similar with CMP213. PW stated that there were no current plans to do so as National Grid sets tariffs based on baseline but he will consider the feedback.
  
10. PW then went on to show the timeline for publishing tariffs. GG asked: Could you possibly bring forward Draft tariffs as the industry is extremely interested in them? PW: The date on the slide is more a deadline rather than an aspiration. We will strive to obviously push the date forward. GG: At TCMF December could you give indication of when you will publish the tariffs? PW accepted this request
  
11. BD: Any updates on the HVDC link and costs within the model. PW: Circuit data currently shows that it will be included. We will work with our colleagues from the TO's to double check this. GG: We understand from information in the public domain that there are problems with the HVDC link. With regards to revenue do you receive this when the HVDC is commissioned or when the investment is made. PW: We as the SO receive revenue requirements from the TO's stating their revenues for 2018/19 and we set tariffs based on them. There are two elements in terms of the HVDC for charging. Revenues and Transport model (locational). Final revenue forecasts are received 25<sup>th</sup> January, we will need to have discussions about what goes in. PM: HVDC costs are already being recovered for 2017/18 and modelled. PW: When setting charges in an Ex Ante world, expectations were that the HVDC would be commissioned within the charging year 2017/18. GG: As it's not commissioned will you be paying back revenue. PW: K terms take into account over and under recovery. **Action:** National Grid to report back on how funding mechanisms work and feed through into tariffs (different for the TO's).

12. A final question was asked with regards to the residual phasing as a result of CMP2645/265 by NF: asking if they are forecast and will they be revised. PW explained that they are based on the 17/18 residual which is now fixed and the 18/19 forecast residual for Embedded Export Tariffs is based on the phasing of the 17/18 figure.

#### 4 Upcoming Changes – Rachel Tullis, National Grid

13. RT presented a slide on the Clean Energy Package, detailing draft amendments and how these may impact GB. However it was stated by GG that this was still at a drafting stage and due to Brexit it may not impinge on GB at all. RT: Reiterated that this was just a presentation on what was being discussed under Clean Energy Package and was not a future plan of action or intended work, but Industry needed to be aware of what was being discussed.
14. Questions were asked about AAHEDC (Hydro Benefit) and the NIC (Network Innovation Competition) and whether the amounts collected under these schemes was publically available. PW, BD and DC confirmed that information was publically available either through specific Charging statements (Hydro benefit) or as part of the supporting financial information which is part of the TNUoS tariff setting process.

#### 5 CISG Accelerating Connections – Rachel Tullis, National Grid

15. RT described that the intent of the proposed modification is to release Network Capacity to progressing projects from projects which have stalled. She then went through the slides detailing why there was a need to raise the modification and the benefits to Industry of doing so. The main purpose of the presentation was to give more detail the about the proposal and how the modification would work in practice.
16. The slide detailing milestones generated a lot of discussion. GG: Does the first milestone '1. Initiate Planning Application' reflect Scotland and the appropriate Scottish planning laws? **Action RT:** To check
17. With regards to the second milestone. '2. Planning Permission Received'. GG: Planning permissions always come with certain conditions. RT: We will assess these conditions and whether they will result in delay to the project. GG: Who determines if they are time material? As there may be differing views and its subjective. SH: Its very rare for conditions to be time material. GG: Who makes the decision and who decides, is there an appeal right?
18. Milestone 3 'Land rights' SH: Do land rights include options? **Action RT:** To check

19. GG: With regards to Number 6 (Confirmation of intention to proceed with programme) Isn't my BCA confirmation? Will NG give confirmation of intent to proceed with programme? JA said, this was a milestone which would help the developer. RT we had changed the wording of the milestone to reflect the intent of the milestone which was that user was still on track to achieve current programme prior to TO going to tender.

20. A general discussion was then had on the milestones and how they would be applied and subsequently assessed and what would happen if a milestone was missed. This generated a number of questions and comments.

PM What happens if there are differing views on milestones and is there any leeway on milestones.

RT: There will be a 6 months courtesy reminder of milestone coming up and no leeway on missing a milestone.

PM then made the comment that, Uncertainty means a lot of different things and drives different costs, dependent on technology type and there are big differences between technology types. However this proposal applies the rules the same to all technology types. SH: You need to note that gaming will go on so need to work out how, and then how to deal with it.

AM: Is this GB wide or just where there is competition/constraints, as this is designed to allow schemes to jump ahead if they are ready but if there is no-one waiting what is the point. RT: the intention is that this will be GB wide for all connectees.

PM : Is this just for new developers/schemes or for all existing contracts. RT: It's for all existing contracts as well as new ones

AM: Will there be a grace period for when this is implemented especially if a milestone is very close RT: Not currently planning to have a grace period

GG: is the implementation of 6 months reasonable based on CMP192, and should it be phased? RT: This can be discussed more at the workgroup process.

GG: If you mod app 3 times on a milestone you will be classed as stalled. Do previous milestone mod app's apply? RT: No.

GG: so you could Mod app 2 times for each milestone and not stall RT: At the moment yes but this can be discussed at workgroup stage

GG: Is this a money making scheme? Nervous about the amount of mod app fees which may be made RT: The purpose of the mod is to release capacity from stalled projects to progressing projects. If you are delayed you would need to make a mod app anyway. We don't expect more mod apps to be made but for them to be more timely.

AM: Any thoughts on differing the process depending on timescales, as the nearer to the connection date more of an impact it has? RT: No plans to do this emerged from the workshops

GG: what other fees are there? Any refund for works already been done and used for by someone else? **Action RT:** I will check

21. RT then went on to describe what is due to happen next, with a plan to raise a modification in November with draft legal text .GG questioned why National Grid were producing legal text with the reply from National Grid that they would like all modifications to include draft legal text. GG was worried that the need for draft legal text shouldn't preclude small suppliers from raising modifications. JW: we are not expecting everyone to provide legal text and we will work with them where needs be, but we have an aspiration that legal text is provided as we have found that seeing the detail within the legal text helps the workgroup process . DC: We have also found that leaving Legal text to the end of the process can cause issues, as writing legal text can often bring up grey areas which needs workgroup discussion. Thinking about it early in the process ensures everything is considered.
22. There was then further discussion on how to capture the content of workshops so it is not wasted when it comes around to workgroups, with suggestions that there could there be a public depository of information from the workshops as well as lessons learned from DNO workgroups. Action: RT to research and give a view on work undertaken at a DNO level.
23. Final discussion was on how to ensure that the STC mods process worked in conjunction with the CUSC with PB commenting: Make sure STC ties into CUSC and not the other way round. GG: will CUSC alternatives lead to STC change, and what happens if the STC vote for different WACMs to what the CUSC panel voted for? JW: Action: NG to look into the STC governance process and think about the above question

## 5 AOB

24. Nothing was raised by attendees.

## 6 Next meeting

**Next meeting: Wednesday 8th November 2017**

**Time : 1030 (unless otherwise notified)**

**Venue : National Grid House, Warwick (unless otherwise notified)**