

# Meeting minutes

## Transmission Charging Review Group (TCRG) January 2019

<b>Date:</b>	29/01/2019	<b>Location:</b>	National Grid Offices, The Strand, London
<b>Start:</b>	11:00	<b>End:</b>	15:15

## Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Jon Wisdom (NGESO)	Attend	Grahame Neale (NGESO)	Attend
Victoria Potter (SHETL)	Attend	Neil Bennett (SHETL)	Attend
Richard Woodward (NGET)	Attend	Gareth Hislop (SPT)	Attend
Alice Grayson (NGESO)	Attend	Ankita Mehra (Ofgem)	Attend
Eleanor Horn (NGESO)	Attend		

## Agenda

#	Topics to be discussed	
1.	Introduction, meeting objectives	Jon Wisdom
2.	Review of Action Log	All Attendees
3.	Mods Update	Grahame Neale
4.	72 hour resilience	Neil Bennett
5.	Charging Futures	Grahame Neale
6.	RIIO T2	Grahame Neale
7.	Lunch	
8.	Shared connection assets and shared one-off works discussion	Grahame Neale + All
9.	Project Closure Process	tbc
10.	AOB	Jon Wisdom
11.	Close Out	Jon Wisdom

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## # Topics discussed

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### 1. Introduction – AM to take charging statements questions

- Request from SHETL for more standardisation and some guidelines so that they know they are completing their charging statements correctly.
- Move to centralised Huddle upload location – all TOs should have received a link to their own upload area.
- GN will catch up outside of TCRG with AM to discuss some CUSC mods which could impact on charging statements.

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### 2. Reviewing the Action Log

- Most of the actions from last time have been completed (see newly circulated action log)
- On Action items 2,3 and 4 which all focus on Charging Statements, the TOs agreed that now was the time to make changes ready for next year's submission. NGET to produce a 5 page summary of the charging statement within their submission. RW agenda point, useful to have updates from the STC mods team? Flag CUSC mods that are of interest to the SO/TO purpose of TCRG. Any if they crop up?
- On Action item 18: JW supports spreading the topics around to different subjects. NB happy to lead on the assets moving from connection to infrastructure. Clarify next steps. RW for one-off works.

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### 3. Mods Update

- CMP286/7 proposer wants the revenue to be locked in ahead of time in terms of the NGESO/TO inputs to the methodology this transfers risk from suppliers and generators to “us” ESO/TOs. RFI going out as proposer has changed their scope slightly in terms of the revenue they expect to be locked down – exclude strategic wider works. Analysis from the ESO included SWW in their fixed pot. Proposer hedging knowing that SWW are very unpredictable. RW – infringement on SCR/TCR? Different angle. Will this be approved or subsumed into SCR? These mods are about stabilising the inputs of the methodology, NGESO view that 286 is separate but 287 is similar. Not directly linked but there are similarities.
- CMP288/9 consultation closes this on 1<sup>st</sup> Feb. NGET and SHET involved in the WG.
- The attendees were concerned about potential contradictions between principles on CMP291 and CMP306. 291 creates more national standardisation but 306 seeks to introduce more regional variation. The group wondered why there isn't a single view on whether regional differences for different network regions are good or bad. RW flagged this confusing approach as a potential inefficiency – will liaise with Ofgem to make them aware.
- CMP305 introduces the new concept of VLP – there shouldn't be a large impact on TOs but potentially noticed in the connections space.
- CMP308 (Appendix G mod) is in early stages of workgroup discussion. SHETL raised that it would be useful to design a solution whereby provisions can be bolted on for large embedded (only a classification for Scottish connections) they see it as discrimination if large embedded are not included.
- CMP303 could materially change the information required from the TOs. The TOs expressed an opinion that the information potentially required is very indicative. STCP 13 is vague enough so that NGESO can request the information needed if CMP303 should go through. TOs not sure. Need clarity on how this information is given to the SO.

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### 4. Future Mods

- NGESO will raise two mods on credit cover allowances for suppliers at February CUSC panel.
- Also expect a mod from PeakGen about the TNUoS charging zones.

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### 5. 72 hour resilience

- SHETL have concerns over how to charge for works they do to support 72 hour resilience which sometimes solely benefits the DNOs requirements. Alex Stewart from SHETL dialled in to support the discussion.
  - Actions were given to find out more about the obligations on the DNOs and their expectations.
  - The group were of an opinion that the 72 hour resilience standard is a requirement on the DNO however at a T substation which purely supplies DNO demand this seems unfair that the transmission owner pays for the maintenance and original cost of this work. There wasn't a conclusive opinion on how to split the charging between infrastructure and TCA.
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- Similar assets (like substation fencing at sites of D and T subs) are split proportionally as it is most economical under whole system planning for one party to take on the build and maintenance. NGESO wondered how feasible it would be to apply the same split for the costs of 72 hour resilience.
- There were some concerns that there simply weren't provisions in the CUSC to deal with this particular case and that new commercial arrangements might need to be developed. An attendee believed that if the most economic and efficient option is to build one system for both T and D requirements this doesn't sound like TCA. NGESO agreed that the fewer steps the cost had to pass through the better for consumer value.
- The group debated whether or not the impetus from the D side for these systems to be put in place was as a result of a recommendation or a requirement. If it is the former then the works should be classified as one-off works, if the latter then TCA.
- Mark Dunk from the ENA has been looking into this.

## **6. Charging Futures**

- See slidepack for the NGESO view on the TCR.

## **7. Mods for RIOT-2**

- Expectation that will review charging zones before start of T-2.
- There is a commitment in the NGESO forward plan to review user commitment – the group agreed this was a good thing to do. They also thought that many/most users didn't really understand the securitisation process and would naturally be reluctant to take on any further burden to secure asset build. All present were surprised that terminations are relatively infrequent. However, there is little evidence of how many users drop out before even getting that far. In some situations users end up with a lot to secure against despite the TO not requiring them to connect to trigger their reinforcements. Some members of the group thought this was a barrier to entry – we have to balance that against the potential consumer harm.

## **8. Project Closure Process**

- The TOs acknowledged that this was a problem. Project closure reports are often not forthcoming and there appears to be a process and practical problem. SHETL were keen to clarifying what the timescales were in the STC on this topic.
- The NGESO were keen to get to a point where we can find out the root cause of the problem before customers raised this issue. They felt there was a transparency issue if customers were not informed of which point their charges would change from indicative to actual. It wasn't known in which direction the potential shortfall could be – are indicative charges typically greater than actual?
- All parties believed we need to know more about the scale of the problem however there were concerns that this information would be impossible to find. If NGESO haven't received information from the TO that a scheme has been completed they don't know whether the project closure report is outstanding or whether the scheme is just still going.
- All parties were in agreement that disputes with contractors slowed the process down.

## **9. Shared One-Off Works**

- GN ran through his paper on how to deal with Shared OOW and the comments made by the TOs.
- There was a discussion around whether there are any provisions in codes to share the cost of one-off works. There was a perception that as soon as an asset becomes shared it couldn't be classified as TCA and would be infrastructure assets. There are no precedents for the treatment in the charging methodology of these assets.
- GH, NB RW gave examples of projects in their areas that could now be considered shared one-off works. They will share best practice.
- SHETL raised a concern that they didn't know where a reasonable cut-off point should be: after 1, 5, 20 years? There was a discussion around potential different treatment of capital contribution vs annualised payments and that users would be incentivised to choose annualised in case another user came along to tee into their asset and make it shared.
- All agree that creating the concept of shared OOW is the efficient thing to do rather than prevent users from ending up sharing. TO don't mind all that much whether the asset sits in TCA or IA (NGET view) TO are allowed to recover regardless.

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- The point was raised that this can only be done at a defined point before the start of the charging year not at any point. It was recommended aligning with the capital contribution cut-off date.
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**10. AOB**

- NGESO revenue team will be conducting a review of the application fees post LSP.
  - Attendees expressed a preference to have less frequent but in person meetings to maximise their usefulness, it was decided to have another face to face meeting in April (hosted by SHETL) up in Scotland. A WebEx will be conducted in March to ensure momentum on the actions.
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## Action Item Log

See Action Log as circulated.