



Meeting 107

3rd Sept 2020

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

nationalgridESO

Agenda

1	Introduction, meeting objectives	Jon Wisdom - NGESO	10:30 – 10:35
2	Code administrator update	Paul Mullen - NGESO	10:35 – 10:50
3	CMP350 (BSUoS Covid Mod) Update	Grahame Neale – NGESO	10:50 – 10:55
4	Interген Payment Update	Rebecca Yang – NGESO	10:55 – 11:00
5	TNUoS Global Security Factor	Jo Zhou - NGESO	11:00 – 11:15
6	TO Data Provision for the Expansion Constant Calculation	Matt Wooton - NGESO	11:15 – 11:30
7	Early Competition Plan	Mike Oxenham - NGESO	11:30 – 11:55
8	VAT and Securities	Nick George - NGESO	11:55 – 12:05
9	Connection Securities – potential mod	Mark Pearce – NeuConnect	12:05 – 12:15
10	AOB	Jon Wisdom - NGESO	12:15 – 12:20

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Financial Securities: Proposed CUSC Modification

Mark Pearce – NeuConnect

Financial Securities

- Developers connecting to the transmission system are required by CUSC to provide Financial Securities to National Grid throughout the course of the works being undertaken to facilitate the connection.
- Securities are notified biannually for the periods 1st April to 30th September and 1st October to 31st March.
- Forms of acceptable Security include
 - Letter of Credit (LoC)
 - Parent Company Guarantee (PCG)
 - Performance Bonds (PB) and
 - Cash Deposits
- The first three forms of security are documentary forms that have a commencement date and typically an expiry date often associated with the expiry of the Security Period in question e.g. 30th September or 31st March.
- It is necessary for National Grid to run the Securities process well in advance of the expiry dates to allow procedures to be followed allowing sufficient time to draw against these financial instruments before they time expire.
- It is for this reason that CUSC stipulates that replacement Securities must be in place 45 days prior to the Security Period in question.



Financial Securities - continued

- Cash Deposits however are made into a National Grid controlled Escrow Account
- There is no expiry date to a cash deposit – only when a withdrawal is made does the Security expire
- Withdrawals by the Developer cannot be made without National Grid's involvement
- National Grid therefore have surety of Security from Cash Deposits at any given point in time
- Providing a Cash Deposit 45 days before the period in question means that the Developer is over securing against the current Security Period for the 45 day period representing approx. 25%
- Developers securing by Cash Deposit are disadvantaged cf Developers securing by PCG, LoC, PB
- Proposal seeks to amend the timescales specifically for Cash Deposits allowing Developers to provide Security by the final business day before the next Security Period

