

Meeting Summary

Transmission Charging Methodologies Forum and CUSC Issues Steering Group 142

Date: 04/01/2024 **Location:** MS Teams
Start: 10:30am **End:** 1:00pm

Participants

Attendee	Company	Attendee	Company
Christian Parsons (CP)	ESO (Chair)	Lizzie Timmins (LT)	ESO (Tec Sec)
Joseph Henry (JH)	ESO (Presenter)	Emily Watson (EW)	ESO (Presenter)
Mark Worley (MW)	ESO (Presenter)	Dovydas Dyson (DD)	ESO (Presenter)
Dena Barasi (DB)	Scottish Power (Presenter)	Neil Dewar (ND)	ESO (Presenter)
Keren Kelly (KK)	ESO (Presenter)	Nitin Prajapati (NP)	ESO (Presenter)
Claire Huxley (CH)	ESO (Presenter)	Lambert Kleinjans (LK)	Energiekontor (Presenter)
Andy Pace (AP)	Energy Potential Consulting Limited (Presenter)	Martin Cahill (MC)	ESO (Presenter)
Milly Lewis (ML)	Ventient Energy	Alan Currie (AC)	Ventient Energy
Alan Fradley (AF)	ESO	Alan Kelly (AK)	West of Orkney
Alastair Tolley (AT)	EP UK Investments Ltd	Alex Aristodemou (AA)	National Grid
Alex Ikonic (AI)	Orsted	Alice Cockshutt (AC)	Engie
Alice Taylor (ALT)	ESO	April Kilday (AK)	SSE
Arjan Geveke (AG)	Energy Intensive Users Group	Bahman Alinezhad (BA)	National Grid
Calum Duff (CD)	Thistle Wind Partners	Catherine Cleary (CC)	Roadnight Taylor
Catia Gomes (CG)	ESO	Chiamaka Nwajagu (CN)	Orsted
Christopher Patrick (CP)	Ofgem	Colin Paine (CP)	Engie
Cowin Barney (CB)	Statkraft	Damian Clough (DC)	SSE
Daniel Hickman (DH)	ESO	David Jones (DJ)	Ofgem
David Tooby (DT)	Ofgem	Davinder Sanghera (DS)	ESO

Dennis Gowland (DG)	Fairwind (Orkney) Ltd	Edda Dirks (ED)	SSE
Garth Graham (GG)	SSE	George Douthwaite (GD)	ITP Energised
Ghulam Haider (GH)	Ofgem	Grace March (GM)	Sembcorp
Graeme Hickman (GH)	ESO	Graham Raman (GR)	Aukera Energy
Harriet Eckweiler (HE)	SSE	Harriet Harmon (HH)	Ofgem
Hugh Boyle (HB)	EDF	Jacqueline Wilkie (JW)	SSE
James Stone (JS)	Ofgem	Jo Zhou (JZ)	ESO
Joe Colebrook (JC)	Innova	John Mclellan (JM)	Ofgem
Jonathan Bowes (JB)	Ofgem	Katie Clark (KC)	ESO
Kyran Hanks (KH)	Waters Wye Asscoiates	Lauren Jauss (LJ)	RWE
Mark Jones (MJ)	SSE	Matthew Paige-Stimson (MP)	National Grid
Nick Everitt (NE)	ESO	Nicky White (NW)	ESO
Nicola Fitchett (NF)	RWE	Paul Jones (PJ)	Uniper
Paul Mott (PM)	ESO	Paul Mullen (PAM)	ESO
Paul Youngman (PY)	Drax	Peter Frampton (PF)	Vitol
Robert Longden (RL)	Cornwall Energy	Rustam Ellis-Majainah (RE)	OVO
Ruth Kemsley (RK)	EDF Renewables	Sally Ann Young (SAY)	SSE
Sally Musaka (SM)	SSE	Samuel Adekanle (SA)	REA
Sarah Carter (SC)	ESO	Sasha Chepelin (SAC)	SSE
Sinan Kufeoglu (SK)	Ofgem	Stephen Dale (SD)	ESO
Varun Mittal (VM)	Total Energies	Vicki Holland (VH)	St Clements
William Maidment	Ventient Energy		

Agenda, slides, and modifications appendices

<https://www.nationalgrideso.com/calendar/transmission-charging-methodologies-forum-tcmf-04012024>

TCMF and CISG

These notes are produced as an accompaniment to the slide pack presented which can be found here [PowerPoint Presentation \(nationalgrideso.com\)](#)

Meeting Opening – Christian Parsons, ESO

CP opened the meeting, providing an overview of the agenda items for discussion.

CISG Connection subgroup verbal update - Joseph Henry - ESO

JH noted that the CISG Connection subgroup met twice in December, covering the following topics:

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- New CUSC modification CMP427. JH noted that Urgency has been granted by Ofgem for this modification, and that the nominations close at 5pm on 05 January 2024.
 - Open actions within the subgroup including updates on Connections Reform and the 5 point plan were closed.
 - The subgroup agreed that they had met their Terms of Reference and agreed that the subgroup could be concluded.

JH thanked members for their contributions and noted that further information regarding the subgroup could be found on the ESO website.

Connections and 5 Point Plan verbal update - Emily Watson - ESO

EW gave an update on Connections, noting that they are currently working through the Connections Action Plan, feeding items into the Connections Delivery Board. Outside of the CAP, EW noted that there are several modifications ongoing which relate to connections:

- [CMP417: Extending principles of CUSC Section 15 to all Users](#)
- [CMP427: Update to the Transmission Connection Application Process for Onshore Applicants](#)
- [CM093 - Extending the principles of the User Commitment Methodology to Final Sums Methodology as a consequence of CUSC Modification – CMP417](#)

RK queried whether securities and liabilities were part of CUSC Section 15, which EW confirmed, noting that CMP417 and CM093 look to apply these principles to Users on Final Sums methodology.

AG queried which methodology Large Demand Users fell under, and EW confirmed that they currently sit under Final Sums Methodology.

CPA Attrition Rate verbal update – Mark Worsley - ESO

MW gave an update on CPA attrition rate, noting that a national attrition rate of 2/3 and a local attrition rate of 50% were assumed for connections applications, split by megawatts and technology type.

A question was raised at a previous TCMF meeting regarding the impact on transmission network reinforcement and investment, and geographical spread, given the attrition rate. MW noted that the ESO do not force geographical spread, however noted that this is relatively even. MW highlighted that the Transmission Works Review is still ongoing. RL queried the discrepancy between the local and national attrition rates, querying why they were not the same. MW clarified that this attrition rates were used when projects were considered in isolation.

GB Connection Reform – Dovydas Dyson - ESO

DD gave an update on GB Connection Reform. See slides for more details.

DD noted that several code modifications are currently being developed, and that this is being supported by the Connections Process Advisory Group and the Connections Delivery Board.

New CUSC Modification: Optimised Transmission Investment Cost (OPTIC) Model – Dena Barasi – Scottish Power

DB gave an overview of Proposed CUSC Modification: Optimised Transmission Investment Cost (OPTIC) Model. See slides for more details.

Discussion themes / Feedback

RL queried the incentives resulting from the inputs of the model.

DB responded that the inputs and assumptions were based on how the network is built and that the incentives mirrored those siting benefits from Locational Marginal Pricing (LMP) modelling if they had been based on an optimised network.

CH queried how local circuits had been taken into account by the model.

DB noted that they are currently working on local circuits, and expected this to run alongside the modification, since it would be too complex to consider within the modification.

LJ noted that the model forces detailed assumptions to be developed and queried whether the model and assumptions would be fully available to stakeholders.

RL queried where the proposal fits alongside other modifications and the TNUoS Taskforce, asking whether engagement with Ofgem, DESNZ and the ESO had been considered.

DB clarified that OPTIC arose from some internal work they had been doing to feed into the TNUoS task force and linked with DESNZ work as a credible alternative to the siting benefits of LMP. It also responded to many of the challenges in the Ofgem open letter.

HH noted that this modification could overlaps with REMA and the Taskforce, and that it fits in the bigger picture of ongoing activity. She however noted that the modification is likely to be lengthy and therefore didn't fit in the taskforce timescales, and highlighted the need for ongoing conversations.

PJ queried the prices and trading assumptions that would be used, and DB noted that this could be answered as part of the modification process.

DG queried who would run the model, and DB clarified that this would need to be the ESO.

Market Wide Half Hourly Settlement (MHHS) – Neil Dewar and Keren Kelly – ESO

ND and KK shared an update on MHHS. See slides for more details.

Discussion themes / Feedback

GG noted that it would be useful for cost reflectivity to continue with Demand charging, whether charging were to increase, decrease or stay the same. It would be helpful to have data to show the percentage of overall TNUoS charged to each meter type (HH/NHH) and how this could change.

VH queried whether the proposal would only affect locational charges and not residual charges. KK confirmed this. DH confirmed that locational charges made up around 2% of Demand revenue.

AG queried the potential for redistributive impact. KK agreed to investigate this.

LJ noted that the TNUoS Taskforce are investigating the appropriateness of removing the floor for Demand charging, highlighting that a locational element could change and become more material.

GG noted that it would be useful for stakeholders to understand how the proposed changes would affect them.

VH noted that the Domestic/Non-Domestic indicator is not used in DUoS, and queried the impact of using just the connection type, rather than splitting it by Domestic and Non-Domestic indicators too. KK noted that a sub-group may be helpful to explore more detail on the options.

HH noted that DUoS tariffs do take account of whether a site is Domestic or Non-Domestic, as in TNUoS, and noted there is no policy argument for moving away from a split between Domestic and Non-Domestic.

JC expressed it would be helpful to understand the impact to the Embedded Export Tariff (EET). It was noted that feedback from storage providers, embedded generators and Transmission connected demand would be valuable when considering any potential move to 4-7pm daily charging rather than Triads.

DC commented that Measurement Classes were introduced to CUSC to avoid double charging rather than to segment sites between different methodologies. HH confirmed that Task Force is considering the policy question i.e. Triads. The key for this is how the risk of double charging is prevented through MHHS migration and ensuring arrangements work for all users at all scales.

New CUSC modification: User Commitment Liabilities for Onshore Transmission Circuits in the HND – Nitin Prajapati – ESO

NP gave an overview of Proposed CUSC Modification: User Commitment Liabilities for Onshore Transmission Circuits in the HND. See slides for more details.

New CUSC Modification: Improving the quality of modification proposals – Claire Huxley, ESO

CH gave an overview of Proposed CUSC Modification: Improving the quality of modification proposals. See slides for more details.

Discussion themes / Feedback

DH queried how the ESO will ensure transparency in the process and asked if there would be an appeals process. DH also noted that a requirement for analysis would increase the expense of submitting a modification and queried whether this was fair and inclusive.

CH clarified that analysis would not need to be external and costly, and noted that CUSC 8.16.5 had provision for the Panel secretary to explain why a modification had been rejected.

RL highlighted a concern that a fully formed solution may not be possible for complex modifications at the modification proposal stage. RL also noted that cost benefit analyses may not be possible without Terms of Reference and without further work by a Workgroup. RL queried whether the Critical Friend check could be strengthened to provide most of the benefit of this modification and noted concern about the modification going straight to Code Administrator Consultation.

CH noted that they had looked into different codes and noted a drop in quality of CUSC modifications.

RL noted that the things proposed by this modification are usually done by Code Managers, and that the ESO is not yet a Code Manager.

HH noted that several modifications have had issues in defining the defect and solution, causing modifications to take a lot longer, commenting that this is a concern given the number of modifications in the pipeline. HH highlighted that modifications need to be capable of being understood and being explored fully.

GM expressed support of the intent of the modification but noted that a fully formed solution may change based on industry feedback. GM also queried why Workgroups would be required if solutions could be fully formed at Proposal stage.

CH agreed to consider this feedback when developing their modification proposal.

New CUSC modification: Liquidated damages on New Connections – Lambert Kleinjans, Energie Kontor and Andy Pace, Energy Potential Consulting Limited

LK gave an overview of Proposed CUSC Modification: Liquidated damages on New Connections. See slides for more details.

JH queried how much consideration had been given to existing mechanisms regarding LDs within the CUSC and STC prior to considering this potential modification, as parties could opt to have these added already under current arrangements. LK noted there is an existing mechanism and queried whether it needs to be clarified further, agreeing to explore this further prior to bringing a modification proposal forward.

AP noted that Energie Kontor didn't know there was an option for liquidated damages, noting a methodology for calculating costs should be cost-reflective.

HH queried how far AP would go in codifying this in a Proposal.

AP noted that the option wasn't obvious within the CUSC so highlighted that it would be useful to have some cost information prior to taking the potential modification further.

PJ queried who would pay for this and queried if the modification would encourage the development of liquidated damages, noting that liquidated damages have to be a pre-estimate and querying the process for the pre-estimate.

JC noted that a delay in connection date can require charges to be paid for early investment, with an existing mechanism for this in the code.

CMP425 Implementation update – Martin Cahill, ESO

MC gave an update on the CMP425 implementation, briefly outlining the modification. See slides for more details.

Code Administrator update – Milly Lewis, Code Administrator ESO

ML gave the Code Administrator update, outlining the key activities upcoming and since the past TCMF meeting. See slides for more details.

AOB

NE confirmed that [BSUoS Final Tariff 4 and Draft Tariff 5](#) were published on 22 December 2023. A [BSUoS Tariff Webinar](#) is being held on 11 January 2024 to discuss the tariffs.

JC queried ESO non-firm offers for energy storage as part of Connections reform and asked if the Taskforce or ESO had considered how reduced access to the network is or could be reflected in TNUoS charges, querying if projects with firm and non-firm connections had the same tariffs.

HH clarified this was not being covered by the TNUoS Taskforce, and noted this was also not in scope of any connections sub-groups. HH also noted this is something that needs to be addressed.

DC noted that monitoring a User's TEC could increase tariffs for other Users, and highlighted this could be spoken about in more detail in future.

RL suggested that the key points from the chat box during the meeting needed to be addressed. CH confirmed the ESO would take these offline and respond to them.

The chair thanked the attendees for participating and brought the meeting to a close.

Action Item Log

Action items: In progress

ID	Description	Owner	Notes	Target Date	Status
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Action items: Completed

ID	Description	Owner	Notes	Target Date	Status
23-9 Oct 5	Thinking about the 30% that will connect what is the impact on Transmission Network requirements and the any investment that may be required. Also, what is the geographical spread are they evenly spread or are they all in the north for example (For reference Slide 7 – October slidepack)	AC	Update provided at January 2024 TCMF	Jan 24	Closed
23-10 Nov 2	5 Point Plan - share high level Construction Planning Assumptions (CPA) approach and methodologies.	AC		Jan 24	Closed
23-11 Nov 2	To update slide 17 with the applicable TNUoS tariff between the Local Substation and Onshore OFTO Substation.	NE	Completed following November TCMF meeting	Nov 23	Closed
23-12 Nov 23	ESO to update future TCMF on Ofgem's Connections Action Plan and Electricity networks: transmission acceleration action plan .	AC & DD		Jan 24	Closed