

TRANSMISSION OWNER/SYSTEM OPERATOR CHARGING USER GROUP (ChUG)

Minutes of 1 October 2015 meeting

Invitees:

Stuart Boyle	NGET	(Chair)
Paul Wakeley	NGET	(Joint Secretary)
Juliette Richards	NGET	(Joint Secretary)
Shinlei Schlaff	NGET	
Edda Dirks	Ofgem	
Ian Fothergill	SHET	
Deborah MacPherson	SPTL	
Dominik Adamus	Transmission Investment	(dial in)

Apologies:

Donald Smith	Ofgem
Chris Elderfield	SPTL
James Robb	SHET
Iain Cameron	Blue Transmission
Elizabeth Statham	NGET
Mary Owen	NGET

Agenda

Item	Issue for discussion	Lead
1.	Welcome and introductions	SB
2.	Safety moment	SB
3.	Minutes and actions from meeting of 22 April 2015	All
4.	STCP24-1 update	SB
5.	Appointment of chair	All
6.	TO Charging Statement update	ED
7.	Within year changes to TO allowed revenue	SB
8.	CMP248 - Capital Contributions	PW
9.	CMP244 – Extension of TNUoS notice period	JR
10.	CMP249 – Delayed connection charges	SB
11.	CMP245/246 – One-off inter-tripping charges	SB
12.	AOB	All
13.	Date of next meeting	SB

Minutes and actions from meeting of 22 April 2015 – these were agreed by the attendees.

STCP24-1 update – SB noted that the change to STCP24-1 has been approved in practice but is awaiting final signatures. This requires revenue forecasts to be submitted twice a year in line with the new template. The next submission is due on 7th October 2015.

Appointment of Chair - DM noted that she was unable to take on chair at the moment. SB asked if DA would consider chairing on behalf of the OFTO community. DA responded that as it was his first meeting it would be premature but would consider it in the future. It was agreed that National Grid would chair for six months and then review. The chair would transfer from SB to SS or her successor.

TO Charging Statement update - ED introduced herself and noted that she had given this presentation to TCMF in September. ED explained that Ofgem intend to open a consultation in October to look at potential changes to the process for agreeing the *Statements of the Basis of Transmission Owner Charges*. ED noted that this consultation would look at the *process* by which these Statements are produced, rather than the specific content. The aim of this is to make the Statements clearer, and TO charges more consistent and transparent. DM asked for clarification on the process which Ofgem would consider.

Currently it is proposed that Scottish TOs should collaborate to ensure that their indicative connection charges are as consistent as possible, and any differences in approach should be clearly explained in the statements. This is in light of the 14/15 consultation where Vattenfall noted inconsistency across some Scottish TO charges. It would be clarified in the Scottish TO Special Licence conditions that Ofgem annually approves the *form* of the statements through this process not the charges themselves, consistent with the NETSO Charging Statement. Ofgem see ChUG as having a role to play here.

ED noted that Ofgem would like to see a more ongoing feedback process in this area, and would encourage customers to give feedback via TCMF and their National Grid account managers. Any more fundamental feedback could be fed into the annual approval process.

Within year changes to TO allowed revenues - SB confirmed that there are 3 categories of SO to TO payments – general system charges, site specific charges and TO of last resort charges.

SB noted that two ‘one off’ charging issues has arisen recently; Sheringham Shoal Contingent Event Adjustment and the OFTO tender round 1 tender costs. These will not be collected or repaid in the current year and reconciled in the following charging year through the under / over recovery term (K).

DM noted that exceptional changes can be charged / repaid within the year and would investigate what definition of ‘exceptional’ had been agreed in the past.

Action: DM

CMP248 - Capital Contributions – PW introduced this modification, noting that some CHuG members sit on the Workgroup. CMP248 is about extending customer choice around one-off capital contributions. This modification aims to give users the opportunity to make capital contributions against transmission connection assets at other points in a project’s life cycle, not just the beginning.

PW noted that the CUSC panel agreed that this modification go forward under self-governance which means that the Panel agree the modification rather than Ofgem (though Ofgem have a right of appeal). The Workgroup consultation is now live and will close on 21st October.

CMP244 – Extension of the TNUoS tariff notice period – JR noted that she had discussed this at the April CHUG meeting. Since April a CUSC modification proposal has been raised by EDF in May and five Workgroups have taken place. As a result of analysis considered by the Workgroup, the Proposer has decided to change his original proposal to consider a 6-8 month notice period rather than 15 months. This would mean publishing TNUoS tariffs between 1st July and 1st September ahead of the charging year.

JR noted that National Grid would potentially be looking for consequential changes to the STC and their transmission licence to accommodate the increased risk that a longer notice period implies. For example, a change to STCP14-1 could require other TOs to submit revenue requirements before the publication of final TNUoS tariffs i.e. 6½ to 8½ months before the start of the charging year.

JR asked ChUG if they had any concerns or thoughts at this stage. IF and DM noted that it would be difficult for their businesses to give a firm revenue forecast before the November MOD determination. The MOD term is large (last year it was around £80m) and therefore errors or differences in its estimation are likely to be large. JR also noted that National Grid have an issue around publishing tariff information ahead of its stakeholder publication which releases information to the city. IF and DM said they were not sure of key timings in terms of information release for their businesses and would find out.

Action: IF & DM

SS noted that there will be a potential impact on the pre-vesting assets since the Charging team need to provide the information earlier. Given the outturns often happen in the second half of the year, there may be a bigger impact to this.

DA noted that it should not be overly difficult for OFTOs to give a binding forecast earlier in the year. Although they will have a better picture of their availability incentive after the summer (when most outages take place) revenues are generally stable.

JR encouraged all those present to respond to the Workgroup consultation, which will ask specific questions around management of risk and how this should be shared across parties. The consultation will run for 20 working days (due to the complexity of this modification) and is anticipated to open in mid / end October.

Action: All

CMP249 – Delayed connection charges – SB ran through a brief update on the ongoing CUSC modification which aims to include the principles underpinning the CEC before TEC policy within Section 14 of the CUSC, state the methodology for calculation and clarify in which situations this will be applied.

DM noted that delay charges currently operate differently in Scotland, and that these differences had not been reflected in the statement of the modification but had been discussed in previous conversation with Richard Smith at NGET.

DM also noted that although she was on the Workgroup, due to the volume of ongoing workgroup she was struggling to attend. She did note that she would speak to Workgroup members ahead of the next meeting to ensure that the situation in Scotland was appropriately reflected in the discussions.

CMP245/246 – One-off inter-tripping charges – SB reported that this modification, which seeks to clarify the position in relation to the treatment of a System to System inter-trip by classing it as a new Category 5 Inter-tripping Scheme, has been placed on hold by the proposer (Guy Nicholson) pending further investigation to clarify the defect.

Any Other Business

National Grid One SO Structure. It was noted that National Grid has recently restructured their Market Operation and Transmission Network Service directorates into one new System Operator directorate under Cordi O'Hara. In addition, Patrick Hynes is moving roles to Commercial Strategy and Nikki Jamieson has become the new Charging and Capacity Development Manager. The new OneSO structure is designed to reflect the key interactions that NG has with its customers.

Cost of Network Links in Scotland. For TNUoS charging under project TransmiT, the actual costs of HVDC and subsea links drive the value of the tariff. Therefore, costs of the Hunterston AC link, the Western Isle HVDC link and the Viking link to Orkney will all be required in order to provide customers with indicative tariffs, which they request. Requests had already been sent for the Hunterston cable data.

Application Process backlog. SS asked how we should deal with the back log of Applications. National Grid proposed to seek additional resource to clear their backlog but it was noted that this may cause an issue for the Scottish TOs.

Next Meetings: The dates of the next meetings were agreed as 15th December 2015 and 12th April 2016.

Action: SB & SS.