

TNUoS Task Force Update

11-10-2022: Angeles Sandoval, Policy Manager | Grid & Systems, Scottish Renewables



Introduction



- **Ofgem update**

Ofgem informed that they are considering how best to prioritise charging work over the coming months given the new government, affordability/security concerns, and the number of individual charging changes in flight. This could potentially impact the progress of the TNUoS Task Force. The discussion within Ofgem is ongoing and further details will be made available when a decision is reached.

- **Meetings**

TF meeting 3 went ahead, TF meeting 4 Was cancelled, and TF meeting 5 was reduced from 6 to 2 hours.

- **Actions Review**

- Terms of Reference (ToR) to include Net Zero consideration. It was agreed that this was a larger piece of work and that HH will look at this in more depth
- TF Members to seek feedback from constituents regarding input to Call for Evidence – it was agreed that this would remain an open action and members agreed to provide further updates.
- Code modifications that may interact with the TF are available on the charging future webpage.

TNUoS principles

1. TNUoS should be based on the long-run incremental cost of the transmission system (i.e. the physical assets);
2. TNUoS payers should face a long-run incremental cost signal relative to their impact on the transmission system;
3. TNUoS should promote effective competition by ensuring a level playing field;
4. TNUoS should balance cost reflectivity and predictability

Wider TNUoS is NOT designed to reflect:



- Tariff & Transport Model assumes an unconstrained system when the tariffs are created and does not cover constraint management.
- Cost of distribution networks and/or distribution systems (the role of DUoS)
- Cost of operationally balancing the electricity system (the role of BSUoS), other than reflecting peak transmission demand between Nov & Feb
- Any electrical properties other than active power (i.e. it does not consider reactive power, inertia, voltage, etc.)
- Short-term transmission network costs; “within-year” changes in Transmission Owner Costs are excluded (until the following year)
- Recover the Transmission Owner’s revenue (the role of TNUoS Demand Residual)

SQSS Review



- Inclusion of multi-technology sites
- NOA/SQSS interaction – CL discussed compliance between the two and the need for harmonisation whilst being mindful of processes and goals (SQSS designed to come up with most economic system and NOA designed to come up with the least risky)
- Review will look at the wider view and take a holistic approach considering the whole system and current network build, whilst keeping the review purpose in mind
- Impact of SQSS review on TNUoS methodology and charges. Review required to understand what outputs will impact TNUoS
- TNUoS Task Force should have sight of the ongoing development of the SQSS review and be able to provide input
- Members requested clarity on several key points and these were taken away and will be feedback by Jo Zhou from NGEN.

What TNUoS should do and challenges

- TNUoS should provide useful long-run investment signals to users
- However, there are several challenges preventing this:
 - Changes to the large numbers of inputs can drive volatility and impact what tariffs look like in the future.
 - Further discussion suggested that large volumes of regulatory change drives volatility and can be observed, on the implementation of changes, in year-on-year volatility of charges
 - A list of TNUoS defects was discussed

List of TNUoS issues (these are not all the issues identified and they are still under review)



- Number of data inputs / variables in the Tariff & Transport Model.
- Input data volatility
- Complexity Longer-term tariff structure
- Complex tariff structure with unpredictable interdependencies
- Review treatment of 132kV in T&T Model
- Should TNUoS Methodology reflect spare/availability of capacity
- Improved drafting of CUSC Section 14
- Input Data Ownership and availability of input data
- Annual Load Factors
- Consideration of treatment of storage
- Review Year Round Shared Element and Year Round Not Shared Element used in TNUoS model
- Consider Offshore in the context of OTNR
- (Global & individual) Security factors
- Barriers for industry in using the Tariff & Transport Model
- ESO Quarterly Forecast Publications and accuracy of ESO forecast
- Technology Scaling Factors
- Reference node
- Determining which elements of TNUoS charges should be paid by distributed generators



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www.scottishrenewables.com

www.renewableuk.com

Asandoval@scottishrenewables.com