

CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges

Workgroup Meeting 2
22 February 2024 10am
Online Meeting via Teams

WELCOME





Objectives

Claire Goult – ESO Code Administrator



Objectives

- Timeline Update
- Action Update
- Consider Workgroup Consultation Specific Questions
- AOB
- Next Steps



Timeline Update

Claire Goult – ESO Code Administrator

Timeline for CMP424 – Updated 12 Feb

Milestone	Date	Milestone	Date
Proposal Presented to Panel	27 October 2023	Panel sign off that Workgroup Report has met its Terms of Reference	CUSC Panel Date 26 April 2024
Workgroup Nominations	31 October 2023 – 2 January 2024 (Extended)	Code Administrator Consultation (15 working days)	30 April 2024 – 21 May 2024
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Workgroup 4 – Review Workgroup Consultation responses, consider new points raised, refine solution, review legal text and discuss any potential alternatives	Wed 20 March 9 April 2024	Final Modification Report issued to Ofgem	09 July 2024
Workgroup 5 – Finalise solutions (including legal text) and alternatives and hold alternative vote. Finalise Workgroup Report and hold Workgroup Vote	9 April 2024 16 April 2024	Ofgem decision	By 30 September 2024
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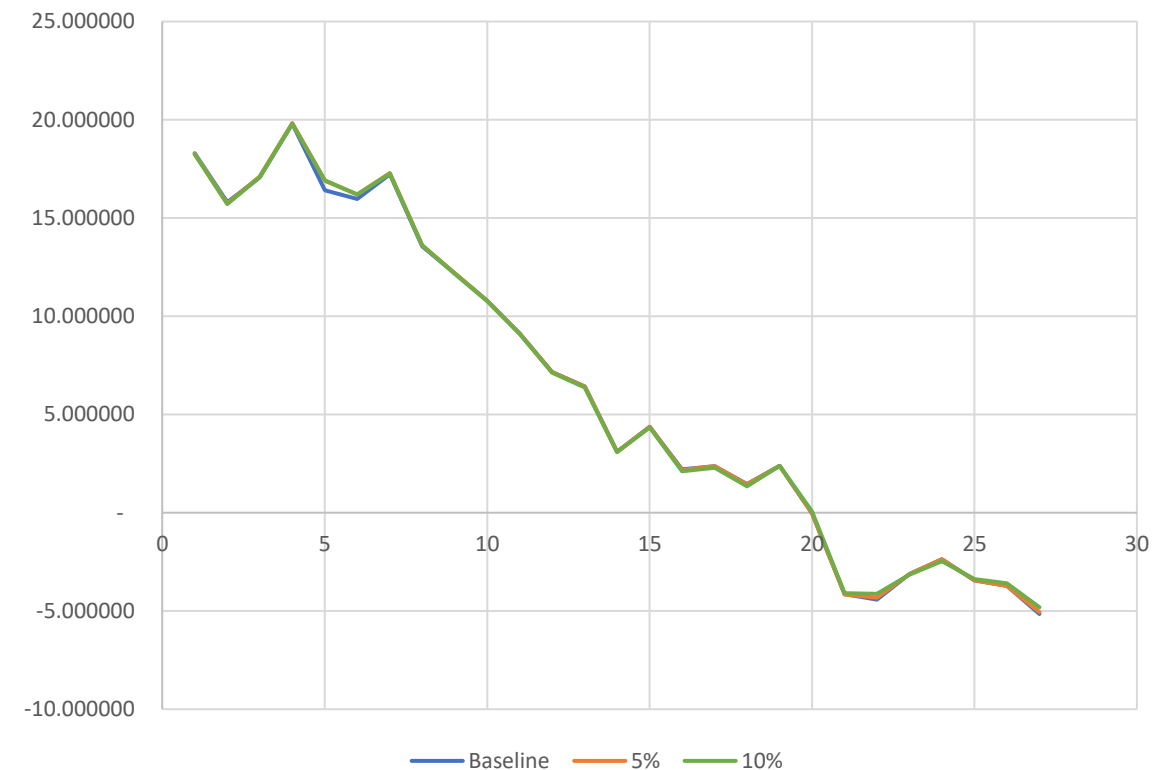
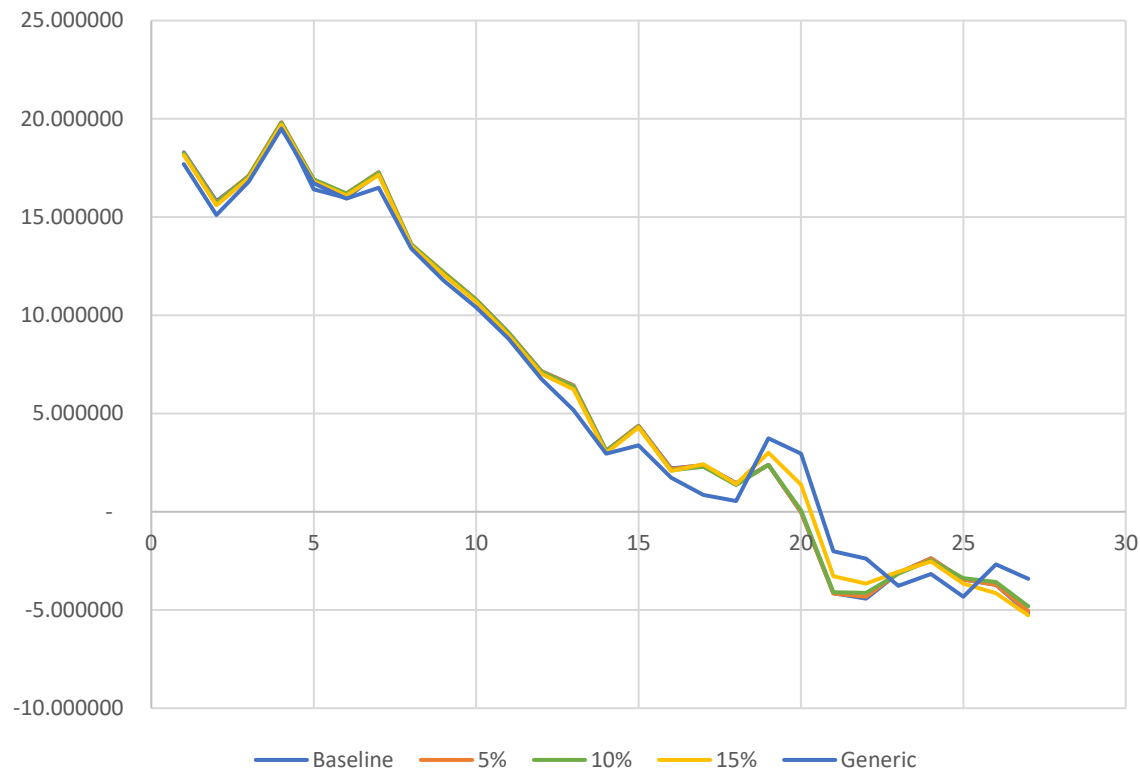


Action Update

Martin Cahill - Proposer

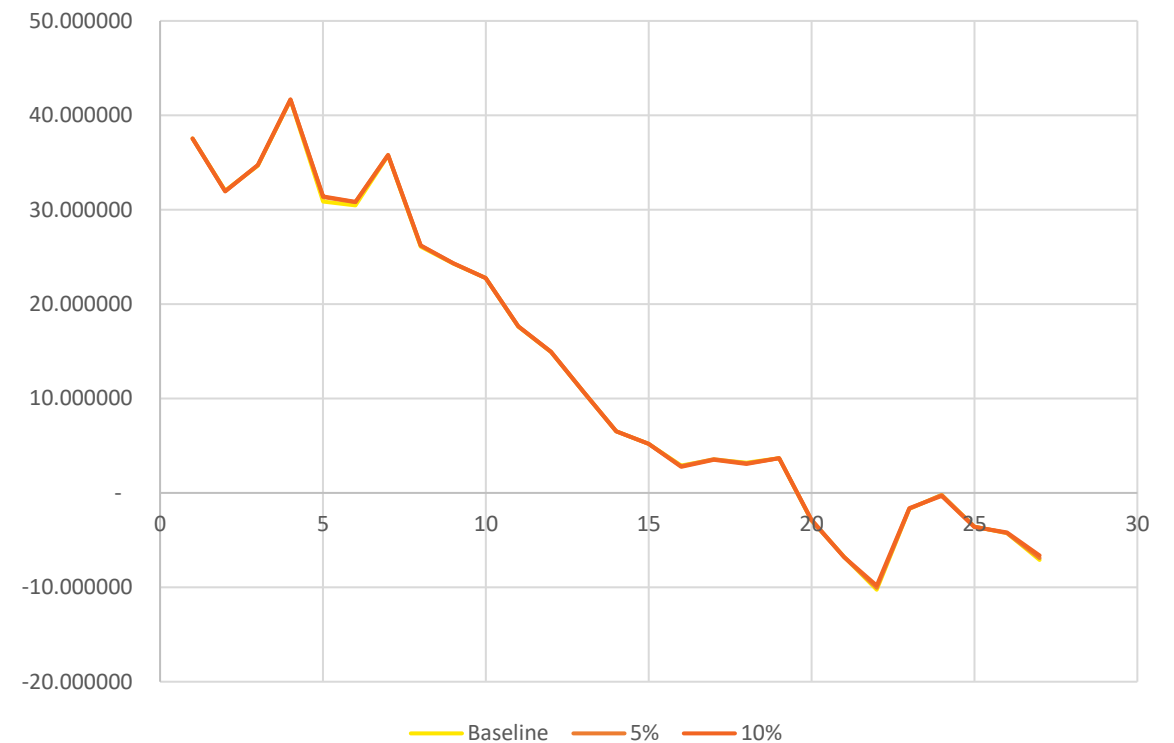
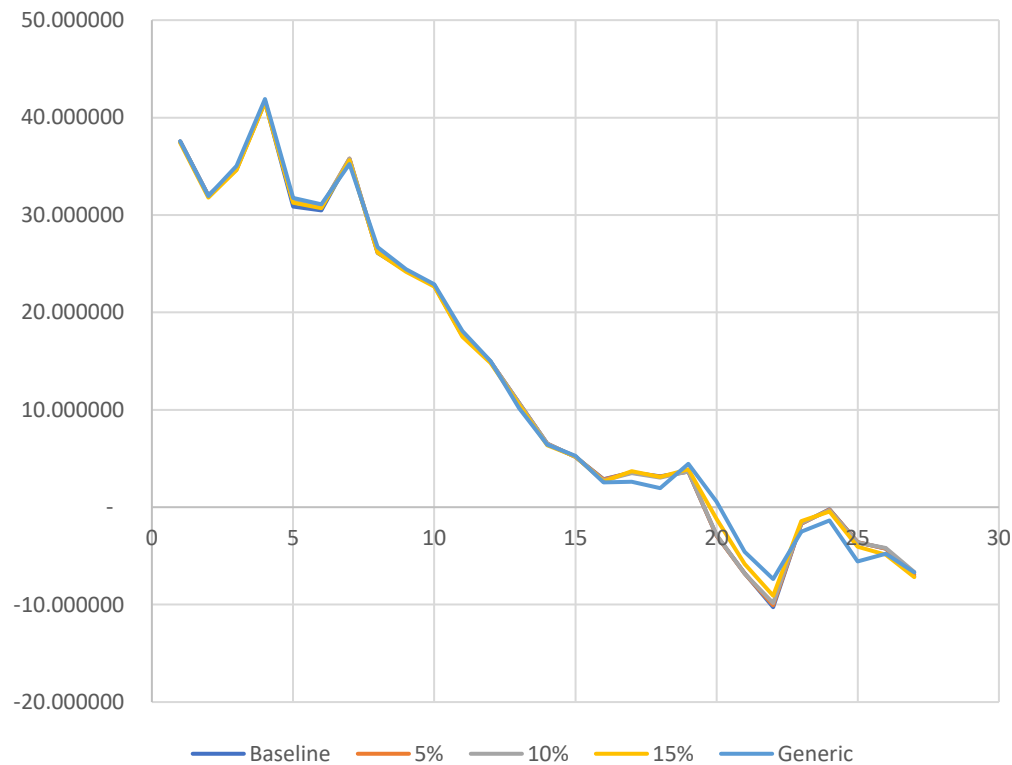
Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG1	MC	Provide any available rational on the selection of existing Scaling Factors within the SQSS - Appendix "E" to better understand our starting position.		WG2	New
2	WG1	MC	Assess any link between scaling factors and system operation - for example minimum CCGT generation, instructing wind off etc		WG2	New
3	WG1	MC	Provide impact on tariffs from several % points for example 5%, 10% and 15%		WG2	New
4	WG1	MC	Confirm where batteries sit within the Scaling Factors.		WG2	New
5	WG1	MC	Look into impact of battery growth on scaling factors		WG2	New
6	WG1	MC	Capture any crossover impact of this modification on the Central Strategic Network Plan (CSNP) or any other processes		WG2	New

Tariff Impact Examples – Conventional Carbon



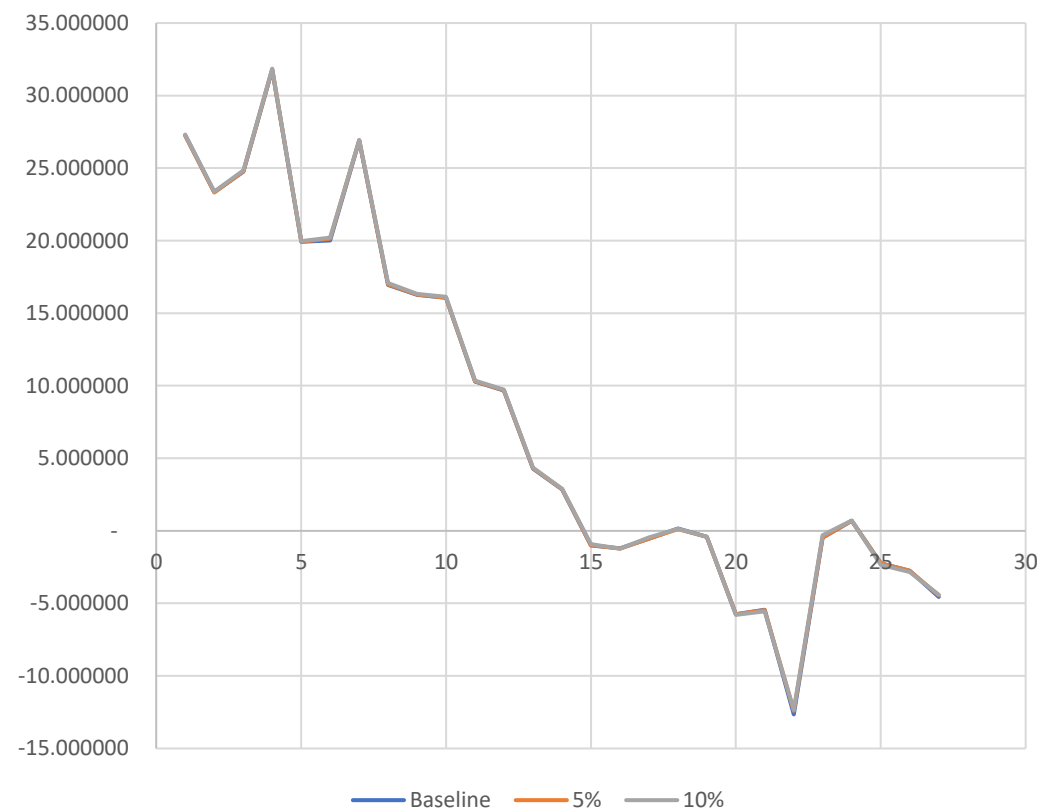
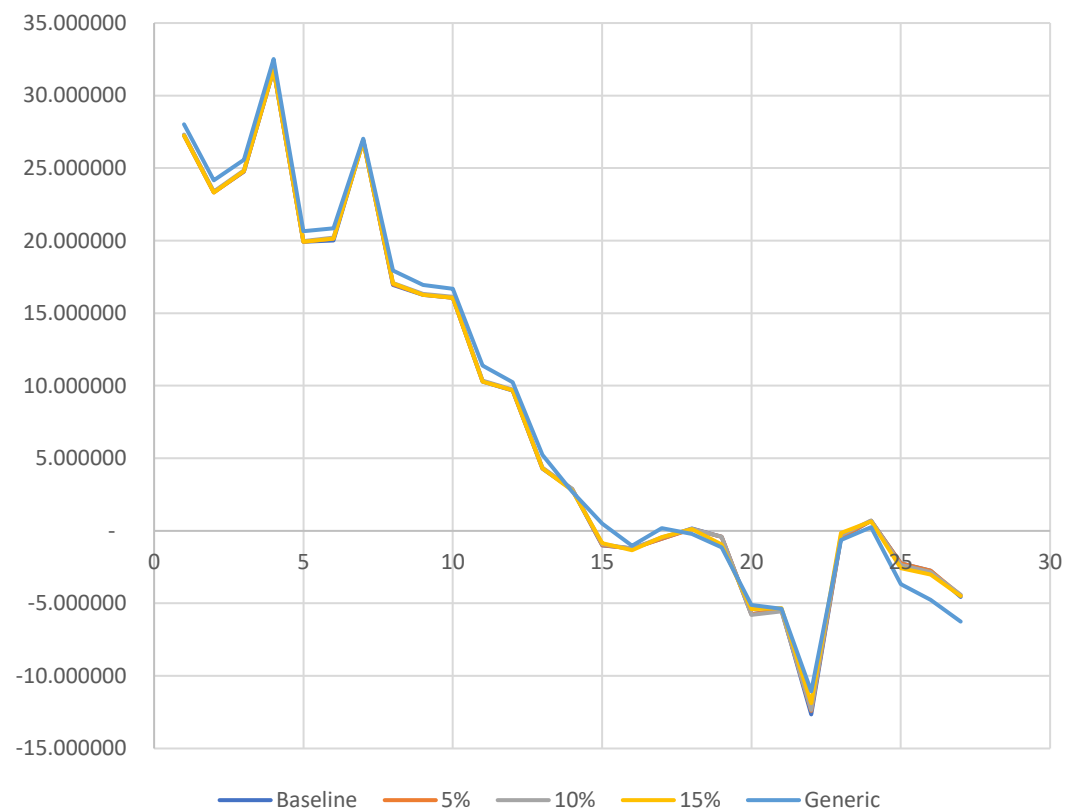
- Baseline in this example is 2% variable scaling factor, generic factor is 50%
- This uses a model and is not an actual tariff year

Tariff Impact Examples – Conventional Low Carbon



- Baseline in this example is 2% variable scaling factor, generic factor is 50%
- This uses a model and is not an actual tariff year

Tariff Impact Examples – Intermittent



- Baseline in this example is 2% variable scaling factor, generic factor is 50%
- This uses a model and is not an actual tariff year

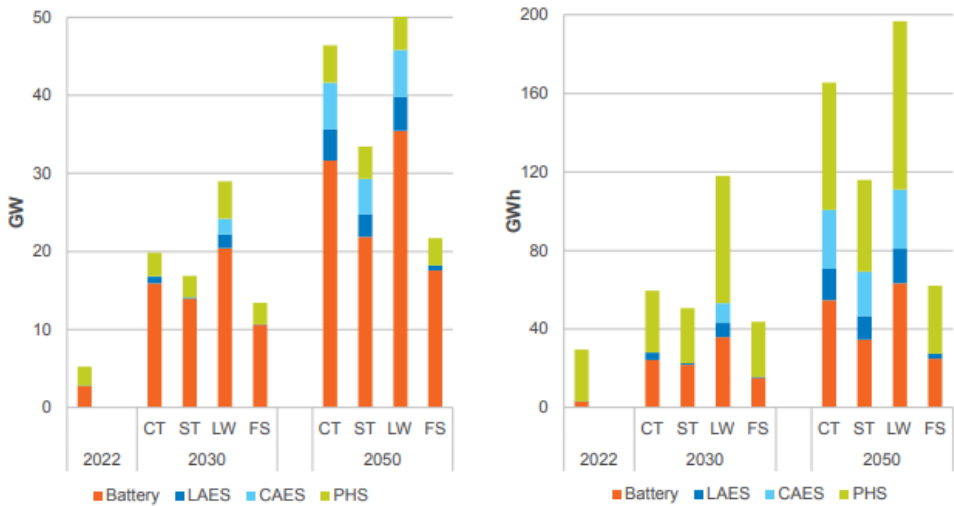
Batteries

- Batteries have fixed scaling factor of 50%
- Included in storage generation plant type
- Increasing battery storage will have a similar effect to increasing wind (though not as high due to lower scaling factor)

Table 1.5 Generation scaling factors for the purpose of tariff calculation

Generation Plant Type	Peak Security Background	Year-Round Background
Intermittent	Fixed (0%)	Fixed (70%)
Nuclear & CCS	Variable	Fixed (85%)
Interconnectors	Fixed (0%)	Fixed (100%)
Hydro	Variable	Variable
Electricity Storage (including Pumped Storage)	Variable	Fixed (50%)
Peaking	Variable	Fixed (0%)
Other (Conventional)	Variable	Variable

Figure FL.11: Electricity storage installed capacity and volume (excluding Vehicle-to-Grid)



SQSS Scaling Factors Rationale

The current scaling factors in SQSS were selected using the following methodology:

1. Took estimated generation over the next 10/20 years, and inputs from TOs about potential reinforcements/ reinforcement costs
 2. Assessed potential operational costs without reinforcement
 3. Work out reinforcement costs vs operation cost saving, ranking reinforcements by efficiency
 4. Consider amount of each generation type needed for maximum efficiency
 5. Fitted against cost benefit analysis to calculate appropriate scaling factors
- Would likely need a team of people from ESO working on this as a project
 - Input from TOs
 - Estimate it could take 6-12 months to complete

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Consider Workgroup Consultation Specific Questions

All



Any Other Business

Claire Goult – ESO Code Administrator



Next Steps

Claire Goult – ESO Code Administrator

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The Workgroup would like reflect the following within their Terms of Reference:

Amended Workgroup Terms of Reference

a) Consider EBR implications

b) Consider ~~where the minimal level of the variable factor should be set~~ the appropriate scaling factor for each generation type

c) Consider potential impact on tariffs

CMP424 - the asks of Panel

- **AGREE** the amended and additional point within Terms of Reference

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