

## TAR Enabling Sub Group

Meeting Name	Transmission Access Review (TAR) Enabling Sub Group
Meeting No.	7
Date of Meeting	29 <sup>th</sup> July 2008
Time	10:00 – 15:00
Venue	Warwick

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This note outlines the key action points from the seventh meeting of the TAR Enabling Sub Group.

### **1. Introductions/Apologies for Absence**

1. Apologies for absence were received from Anthony Mungall, Allan Kelly, Nigel Scott and Paul Mott.
2. Previous minutes were agreed and actions were updated.
3. HR explained that “A [post TAR] day in the life session” is being planned with reps from all Working Groups, in order to test the proposals being made and how the various regimes may work together.
4. It was identified that if CAP160 is implemented a date is required to reconvene the Working Group at the end of the required consultation period.

### **2. Decisions made and key points**

#### **Zoning Methodology**

1. Model 1: First approach discussed was a 1 to 1 exchange rate, based on the physical network rather than generation background and therefore should be temporally stable. It was proposed that it needs to consider both long term and short term timescales, be based on financial constraints and achieve the charging Relevant Objectives.
2. Model 2: A long run marginal price approach makes a distinction between short term and long term zones. Bid would be made on a bilateral basis, with payments into a pool.
3. Model 3: A Flowgate approach looks as the physical capacity of ‘bottlenecks’. Substantial change to existing access rights. Would require around 1.5bn updates a year.
4. Model 4: A proposed transmission rights approach using a similar model as the DC Load Flow model used for charging. If one to one trades, could be bid or transaction basis if differing exchange rates only suitable for bids.
5. Example exchange rates were discussed for a scenario. It was discussed whether TEC should decrease or stay constant for repeat forward and return trades. In the example given the TEC would decrease as the worse case exchange rates were used, which produced non-symmetrical exchange rates.
6. JA asked if an estimate could be made of how much Renewables would be able to connect with various options being considered. Action on QZ.
7. If a circuit is ‘local’, then zoning does not need to take into constraints on it, as awarding on LCN will only be made over reinforcements.
8. Different zones seem likely for short term access release and long term trading.

9. A sub group meeting is not needed at this time as guidance has been provided by the industry but one may be needed after the next meeting on the 13 August.
10. Need to think about what interim arrangements may look like.

### **Charging for the Residual**

11. CR gave a summary of the preconsultation. Three options are covered including, charging based upon capacity (MW), based upon energy (MWh) or "Peak time generation" (MWh between 16:00-19:00)
12. An assessment is made of the size of the various cost components that are covered by the residual charge.
13. A CUSC definition for the Local Capacity Notification needs to be created along with the proposed process for applying for LCN.
14. There is a strong interaction between the potential creation of negative residual following excessive recovery for the proposed capacity auctions. Such over-recovery should not go to National Grid but go back to generators. This would require a separate Kt factor for both generation and demand, similar to gas. Could either be smeared on current year or a number of the following years. It was proposed that over recovery could be covered in a separate stand alone consultation. Over recovery could end up treated in a different way to normal recovery.

### **Local Charging**

15. TI outlined the high level characteristics of the two solutions being proposed in the draft Consultation document.
16. Under option A, It had been proposed to collar the local charge to zero to avoid negative charges. It was questioned whether it was a matter of principle or practicalities for such an approach. The scale of such an issue was also questioned. National Grid confirmed that there were three existing connections and that it was broadly a matter of required complexity. WG view was that the principle of a negative local charge appeared sound and subject to confirmation assuming that the process require for negative charges was feasible,
17. Need to clarify exactly how 'uprating factors' are handled within both options A and B.
18. Final comments were requested by end of the day Wednesday 30<sup>th</sup> July. Consultation will be published very shortly after then.

### **Any Other Business**

19. The Work Plan is to be updated by CR and TI to circulate the resultant required meeting dates for the future.
20. Ofgem confirmed that a 'dual' charging conclusion report would be possible as was confirmed on legal advice.

### **3. Actions and Next Steps**

1. Suggest a date for reconvening Working Group 3 after the consultation if CAP160 is implemented.  
**Action: HR**
2. Investigate mechanism for reporting effectiveness of new GB Queue management strategy - ongoing  
**Action: National Grid**
3. Compare definitions of 'local works' within Local Charging, Charging of the Residual

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and Zoning Methodology and standardise - ongoing

**Action: CM/ TI/ QZ/ BHT**

4. Draft zones to be produced for meeting 8. Same definition of 'local' as in Local Charging Consultation.  
**Action: BHT**
5. Produce a second draft Preconsultation for Charging for the Residual to allow WG comment  
**Action: CM**
6. Determine provisional dates for future meetings after CR has drafted an updated Work Plan  
**Action: TI**
7. Consider the proposed approach for negative Local Charging and consider whether they are indeed feasible or not  
**Action: TI**
8. Estimate how much additional generation/ Renewables would be able to connect under the various zoning options and with the TAR modifications as a whole  
**Action: National Grid**

The location of the next meeting on 13<sup>th</sup> August, is at AEP offices, London:

AEP Offices,  
17 Waterloo Road,  
London

Tom Ireland: 0776698314

### Appendix 1 – Working Group Attendance

#### Members Present:

James Anderson	JA	Scottish Power
Craig Maloney	CM	National Grid
Dave Wilkerson	DWi	Centrica
Hédd Roberts	HR	Chair
Dennis Timmins	DT	RWE npower
Frank Prashad	FP	RWE npower
Louise Schmitz	LS	British Energy
Michael Dodd	MD	Ofgem
Robert Longden	RL	Airtricity
Simon Lord	AR	International Power
Barbara Vest	BV	AEP (Gas de France)
Paul Jones	PJ	E.On
Helen Snodin	HS	SSE (SRF)

#### In Attendance:

Emma Luckhurst	EL	EdF Energy
Tom Ireland	TI	National Grid
Qiong Zhou (Jo)	QZ	National Grid
BeeHun Tan	BHT	National Grid
Chris Barrass	CB	Centrica
Stephen Curtis	SCu	National Grid
Stuart Cotten	SC	Drax Power

#### Apologies:

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Anthony Mungall	AM	Ofgem
Allan Kelly	AK	Scottish Power
Paul Mott	PM	EDF Energy
Nigel Scott	HS	SSE (SRF)