TAR Enabling Sub Group

Meeting Name	Transmission Access Review (TAR) Enabling Sub Group
Meeting No.	10
Date of Meeting	12th September 2008
Time	10:00 – 15:00
Venue	AEP, London

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

1. Introductions/Apologies for Absence

1. Apologies for absence were received from Allan Kelly and Paul Mott.

2. Notes and Actions from previous meeting were agreed.

3. Hêdd provided an update on progress from other Working Groups.

2. Decisions made and key points

Local Asset Charging - Conclusions Report

1. TI noted that the deadline of Friday 29th August for responses to the generator local asset consultation had now passed. 14 responses to the consultation were received, with a clear preference for Option A over Option B. The Conclusions Report to the Authority will be published on Monday 15th September. This will be available on the National Grid website, in addition to the responses received.

Zoning – Impact of zones on constraints

2. BHT presented some detailed analysis on the proposed short-term generation zones, examining the potential additional costs of constraints incurred as a result of TEC sharing within zones. BHT noted that where generators are permitted to connect to the transmission system without the requirement to undertake wider system reinforcement, this is likely to result in additional system boundary constraints and increase the constraint volumes on the existing constraint boundaries. This cost of constraint was divided into two components; a utilisation and a location component. The utilisation component represents the increase in net energy exports/imports for particular zones when TEC sharing is enabled. The location component on the other hand addressed the increase/decrease in cost of constraints following trades between locations in a zone.

3. BHT presented the assumptions upon which the analysis was undertaken. The period of study was noted as being pre Beauly-Denny, with no consideration given to the generation and network background beyond 4 years ahead due to the level of uncertainty associated with these timescales. Assumptions of the generation background included: a contracted background provided in the GB SYS up to 2012/13; use of historic load factors for existing generation; a load factor of 40% for new offshore windfarms; load factors of 30% and 35% for new onshore windfarms in summer and winter respectively; and no closure of large coal plants due to LCPD. Demand data for 2008/9 was based on Week 24 data and a typical year-round load duration curve applied at every GSP to determine the demand utilisation in TWh.

4. Upon presentation of the results, the Working Group considered that further thought regarding the assumptions was required in the pursuit of calculating a constraint cost figure. Problems of trying to make decisions about long-term constraint cost trends from using only a short timescale of SO costs were identified. It was noted that the analysis does not specifically conclude that if the proposed zones were implemented, this would result in an additional £30m of constraint costs.

5. Additional concerns were expressed regarding the interpretation of the results which for the Thames Estuary example, were interjected through the origin. The Working group considered that it did not seem appropriate to use the origin as a point. It was noted that in a zone which flips from importing to exporting for example, it is very difficult to attribute a cost to the boundary constraint as it might not always be obvious if costs at a constraint boundary are the product of an export or an import. In these cases, the data used needs to be further analysed to properly attribute an export or import cost against the corresponding linear trending in export or import utilisation.

6. Consideration was given to discarding the use of the origin and to whether further data points can be determined. It was considered that a technical judgement could be used to determine as to whether an export or an import was prevalent at a system boundary. The first proposal was to use the existing plotted scatter points and to extrapolate to the horizontal axis. The second proposal was to use the worst n-3 condition to determine the knee point of circuit utilisation in which no cost of constraint is incurred. The need for a like for like baseline similar to CAP164 would be ideal in terms of generation and network reinforcements, but this might be difficult in the current timescales.

7. On the locational element of the analysis, consideration was given to using a headline figure that it would be considered could be managed throughout the year with an acceptable level of risk. The depth of local works was noted to have a direct impact on the headroom available.

8. One to one trading was considered to be acceptable up to a point called the headroom, then a specific point to point model would be required. It was noted that any trade undertaken will change the size and validity of the headroom. It was considered that this headroom figure could be fixed for a year, with some risk of an increase in constraints prior to re-calculation in the following year.

9. It was agreed by the Working Group that an additional meeting would be required to discuss zoning. BHT took and action to write up the necessary material and circulate prior to this additional meeting.

Local Capacity Nomination

10. For transitional arrangements, CM presented three options for determining LCN: 1) Generator to notify GBSO in advance of a pre-defined date; 2) use TEC; or 3) use CEC. The Working Group preferred Option 1, with a pre-defined date to be determined in advance of the implementation of any finite rights or auction regime. The Working Group recommended that in the event that a generator did not notify the GBSO of its desired LCN, then TEC should be used as the default.

11. There was lengthy debate as to whether LCN should be defined for a finite period or be evergreen. PJ considered that if the definition of local assets is correct, then there is no problem with the rights being evergreen. At the end of a local asst(s) life, the TO could then determine as to whether that local asset is still required with co-operation from the generator.

12. It was discussed as to whether LCN should be shareable. The Working Group considered that instances where assets could be shared should be treated as a design variation rather than have potentially complex sharing rules.

13. It was considered that a User might not necessarily need to be in receipt of a valid and open connection offer with LCN in order to participate in an auction process in the event that CAP166 is implemented.

14. It was considered that a modification to the current application fees might be appropriate, to differentiate between connection, local and wider applications.

15. CM took an action to produce a briefing note which contained the discussion and to circulate prior to the next meeting.

Any Other Business

3. Actions and Next Steps

1. Produce a second draft Preconsultation for Charging for the Residual to allow WG comment

Action: CM

2. Briefing note to be produced on LCN and be circulated

Action: CM

3. Attempt to obtain additional data points for the constraint analysis for further years

Action: BHT

4. Circulate zoning material prior to next meeting

Action: BHT

The location and date for the post consultation meeting is:

Thursday 25th September, Warwick (exact location TBC)

Appendix 1 – Working Group Attendance

Members Present:		
Paul Jones	PJ	E.On
Craig Maloney	CM	National Grid
Dave Wilkerson	DWi	Centrica
Hêdd Roberts	HR	Chair
Dennis Timmins	DT	RWE npower
Frank Prashad	FP	RWE npower
Louise Schmitz	LS	British Energy
Anthony Mungall	AM	Ofgem
Robert Longden	RL	Airtricity
Simon Lord	AR	International Power
Barbara Vest	BV	AEP (Gas de France)
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
Stephen Curtis	SCu	National Grid
Stuart Cook	SCo	Ofgem
Apologies:		
Stuart Cotten	SC	Drax Power
Paul Mott	PM	EDF Energy
Allan Kelly	AK	Scottish Power