

Developmental GB Transmission Charging Methodologies Forum

12 April 2005 – Brandon Hall Hotel, Coventry

Meeting Report

This report outlines the key discussions held at the latest Developmental GB TCMF meeting. Full minutes of the meeting will be agreed at the next meeting, prior to being published on the website.

GB Charging Issues

❖ Transitional Charging Issues

National Grid presented the way in which the 5 conditions attached to the Authority's recent approval of the GB TNUoS Charging Methodology will be taken forward. Condition 1: Negative Demand Charges, National Grid proposes to distribute a questionnaire throughout the industry in May 2005 to gauge views on possible solutions to the issue. A formal consultation based on solutions identified from the questionnaire will be prepared for publication towards the end of June 2005. Condition 2: Incremental Cost of Capacity, National Grid will hold an industry workshop in April/May to discuss the options. The results will be reported at the May 2005 TCMF and National Grid aim to consult on the options identified during summer 2005. Condition 3&4: Treatment of Intermittent Generation and Longer-term Fixed Access Products, National Grid proposed a target date of May 2005 TCMF to discuss the issues. Industry questionnaires to gauge views will be distributed in June 2005 with proposals to be developed from the results and further discussions. Work on Intermittency would be taken forward following the questionnaire via CISG or a CISG sub-group. Condition 5: Publication of Longer-term Information, National Grid proposed to undertake detailed studies during the summer of 2005 to model the effects of tariffs/zones over the next 5 years. The Authority attached one condition to the approval of National Grid's GB Connection Charging Methodology, that of reviewing Site Specific Maintenance (SSM). National Grid proposed to consult on SSM during the autumn of 2005.

The Authority presented how the TO Charging Statements will work and the implications for Users.

❖ Charging Issues Standing Group (CISG)

National Grid reported that the inaugural CISG meeting had taken place at NGT House on Wednesday 23 March. The meeting was well attended and six issues were discussed. 1. National Grid proposed to change the Connection Charging Methodology to deal with the one-off charges associated with operational intertrips. 2. National Grid proposed to improve transparency using the methodology statements, focussing on zoning issues in the long-term tariff information to be published as a result of GB charging condition 5, and to consult when there are changes to the zonal boundaries. 3. National Grid proposed to obtain further information on demand switching to assess the materiality of the problem. 4. National Grid reported that there had been no uptake of the STTEC product for Winter 2004/5 and will discuss alternative charging regimes for the STTEC product for discussion at the next CISG. 5. National Grid presented an example of how the zonal weighting calculation with exporting GSP's affects zonal tariff calculation. 6. National Grid will investigate the implications of changing the charge setting process to accommodate a longer notice period.

❖ Current E & W Charging Issues

The Authority reminded the attendees that the small generators discount was an interim measure and that they were planning to consult on the interaction between distribution and transmission charges later this year. It was noted that in the Authority decision letter, National Grid would keep the issue of locational BSUoS under review, and it was asked how this would be achieved. National Grid agreed to add this issue to the CISG issue list for discussion post-May 2005.

❖ European Charging Issues

National Grid provided a brief update on European Charging Issues, noting that the Florence Forum has been delayed until September 2005.

❖ Date of Next Meeting

The next meeting is scheduled for Thursday 26 May 2005.

❖ End of Report