

# Charging Issues Standing Group (CISG)

## Update from March 2005 Meeting

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*TCMF 12 April 2005*

# Background (1)

- First CISG meeting held at NGT House on 23 March 2005
- 17 electricity Industry members attended
- Six issues discussed:
  - One off charges for operational intertripping schemes
  - Deterministic Zoning Criteria
  - NHH and HH Demand Switching
  - STTEC
  - Embedded Generation
  - Notice Period

## Background (2)

- March TCMF agreed scope for initial discussions on highlighted issues
- Proposed to identify quick wins where charging proposals can be raised for implementation in Summer/Autumn 2005
- Target May TCMF to report on possible methodology changes and discuss next steps

# Charging for One-Offs - Operational Intertrips

- CAP076 categorises Intertrips into four main groups:
  - A system to generator intertripping scheme arising from a variation to connection design consistent with the criteria specified in the SQSS
  - A system to generator intertripping scheme required to alleviate an overload on a circuit that connects the group containing the the generator to the rest of the system
  - A system to generator intertripping scheme installed as an alternative to reinforcement of a third party system
  - A system to generator intertripping scheme installed at the request of NGC under circumstances when the generator would be disconnected
- National Grid propose to change the Connection charging methodology to accommodate the first and third intertrip categories
- Consultation to be published shortly

# Deterministic Zoning Criteria

- Industry perception of an NGC ‘black art’ to determining generation zonal boundaries
- Issues raised by attendees included:
  - A need for more transparency on the process
    - GB Charging Condition on future tariffs
  - Clarification on the ‘exceptional circumstances’ where zonal boundaries may have to be reviewed within a price control period
  - Views against an ‘automated process’ for determining zonal boundaries
  - Industry consultation on zonal boundary changes

# NHH and HH Demand Switching

- A switch from HH to NHH mid year could result in the avoidance of a full year's charge
- A switch from NHH to HH mid year could result in paying more than a full year's charge
- NGT to obtain further information on demand switching to assess the materiality of the NHH - HH switching problem

# STTEC

- No uptake of STTEC product for Winter 2004/05
- STTEC charge perceived by some as too high, and others as untested
- Consensus that generators seeking to come on early should be treated differently than generators dipping in and out
- User suggestions included:
  - Revised charge based on an average TNUoS tariff
  - MWh delivery charge
  - Capping the number of uses per station
- NGT to propose alternative charging regimes for STTEC product with pros and cons for each option, for discussion at next meeting

# Embedded Generation

- Modelling issues with the DCLF model
  - Embedded generation modelled and hence scaled differently depending on charge liability
  - If liable for generation charges, then modelled as generation
  - If liable for negative demand charges then modelled as negative demand
  - Exporting GSPs skew zonal weighting calculation
- Zonal weighting only feasible quick win identified
- NGT agreed to present an example on how zonal weighting calculation with exporting GSPS affects zonal tariff calculation

# Negative Demand Zonal Weighting Example

- Node A (Dem Zone 1)
  - Demand = -50
  - Nodal Marginal km = 80
  - Demand weighted Nodal Marginal km =  $(80 \cdot -50) / (100 - 50) = -80$
- Node B (Dem Zone 1)
  - Demand = 100
  - Nodal Marginal km = 120
  - Demand weighted Nodal Marginal km =  $(120 \cdot 100) / (100 - 50) = 240$
- Dem Zone 1 Weighted Average km =  $-80 + 240 = 160$

# Notice Periods

- Industry views suggest the 2 month notice period may be insufficient
- An increase in notice period may also increase the uncertainty in charges
- Increases possibility of a tariff correction required mid year
- NGT to investigate the implications of changing the charge setting process to accommodate earlier notice periods
- Ofgem asked to investigate the possibility of relaxing the relevant licence condition governing under and over recovery

# Next Steps

- Next CISG meeting planned for 16 May 2005, at NGT house
- Full day session to discuss actions and issues in detail
- Report to May TCMF on possible methodology changes and discuss next steps

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