

**Transmission Access Short Term Working Group 1, CAP161-164
Attendance, Actions and Agreements Record
DRAFT
Meeting 3, 10th June 2008, ELEXON, London**

Attendees:

Hêdd Roberts (Chair)	Rekha Patel
Patrick Hynes	Rob Rome
Kathryn Sorrell (Tech Sec)	David Hunt (Ofgem)
Paul Jones	Bob Brown
Merel van der Neut Kolfshoten	Paul Mott
Tim Russell	Simon Lord
James Anderson	Helen Snodin
Garth Graham	Jeremy Caplin
Ian Moss (alt.f. B Vest)	Emma Luckhurst
Richard Ford	
Tony Diccico	

Apologies:

Graeme Cooper
Barbara Vest
Deborah McPherson (STC)

Item No.	Description	Action
	Minutes and actions from previous meeting	
	Following the SQSS extraordinary meeting on the 30 th May a review of the SQSS with regards to the impact of the transmission access proposals is to be undertaken	
	PH to send out link to Grid Code capacity definitions <i>(post meeting note – e-mailed on the 11/06/08)</i>	PH
1.	Targeted Cost Model - JC talked through the paper circulated prior to the meeting. Following considerable discussion it was decided to create a subgroup, Subgroup 1 – Overrun Targeted Costs, to consider the issues. Subgroup 1 members: JC, KS, RR, TD, GG & TR. The subgroup is to report back at meeting 5 (8 th July). The subgroup will produce two models (a simple & more complex model) to calculate overrun tariff based on SO costs incurred.	
	All other actions ongoing	
	Feedback from WG2 and 3	
	The last WG2 meeting focused on finite rights and the definition of access rights. NG are carrying out analysis on fixed TNUoS tariffs. WG2 also discussed liability and security for LT access. Existing generators should face a liability for TNUoS charges for the full duration of the long term access booking but how much of that should be underpinned with security? Areas that need further consideration were the development of finite rights for new users and lessons from CAP131. NG are developing different scenarios. The WG group were discussing whether the LT access right should remain within nodal power station agreements, but settled zonally (as with current charging), rather than codified zonal to start with.	
2.	The last WG3 meeting discussed different options for dealing with the fair distribution of the residual charge between users of LT and ST access. Competing Zoning methodologies were discussed and require further analysis.	
	Assumptions, risks and issues register	
3.	PH to send out the latest version of the issues, risk and assumption register.	PH

Socialised costs - Justification against CUSC objectives and Eligibility criteria

TR discussed the paper he had written regarding carbon costs. The paper covered the following points:

1. Assumptions regarding which plant will be brought forward due to the implementation of CAP164.
2. Transmission infrastructure - more carbon as building infrastructure sooner or would CAP164 result in building less transmission infrastructure? Assumption that TOs are building all infrastructure as quickly as they can, conclusion is that the extra carbon/carbon reduction should be ignored, as third or fourth order.
3. Losses - compare164 to baseline and compare against overrun?
4. Part loading – are we a long way from the wind penetration that needs additional frequency response holding? Question from TR to NG
5. Reserve – do we need to increase reserve to meet wind penetration? Counterview from another WG member – if more intermittent generation replacing thermal generation likelihood more plant part loaded. If more plant part loaded there would be more reserve on the system.

KS

4.

It was decided to create a subgroup, Subgroup 2 - Carbon Costs, to draft a paper on carbon costing. Subgroup 2 members: PJ, TD, HS, MvdNK, PM & PH & TR. Subgroup 2 to report back to the WG at meeting 5 (8th July).

A WG member discussed whether the WG should also consider fuel poverty in regards to meeting the CUSC objectives as well as considering congestion and carbon costs.

Eligibility criteria

Local works must be complete - WG3 to develop definition of local works. For 164 possible eligibility criteria was discussed as: must be fully grid code compliant and have CEC and 'local CEC' (possible definition to be established by WG3).

Fixed number of years lead time was considered as a feature rather than a criteria. In terms of Cap164 the group discussed both either 3 and 4 years. Justification was required for either, consideration of the assessment criteria was required. A WG member suggested that CAP131 discusses the time duration to build local connections and that this could be used as a reference, although it was questioned if this was relevant if local works was already a criteria.

The interaction between CAP150 with CAP164 was noted.

Introduction to SO release of Short term access

Release philosophy of Short term access

Auction process & Settlement [& incentivisation]

5, 6. &
7.

KS provided a presentation on a short term access product. It was noted that National Grid would accept bids if it was economical do to so, that is if the bid was greater than the expected increase in operational costs. The central model was for a weekly block, 5 weeks in advance. KS noted that if the block is for a longer duration National Grid would have to refuse it more often based on a fixed price, e.g. a monthly product may not be cost effective two out of four weeks and would need to be rejected, however 2 out of four weekly block could be accepted. Providing access greater than five weeks ahead is perceived to be more risky, and therefore again would limit the amount that could be release for a particular price.

It was discussed that National Grid resources should not limit the offer of this service closer to real time; this should be treated as a cost and implementation issue and covered in the cost benefit. It was queried whether this product was

tradable, National Grid confirmed that the intention was that it would be tradable, subject to trading arrangements within the CUSC. It further discussed whether short term access release should be offered as a quarterly product. National Grid indicated that the model in the presentation was put forward for discussion and it was decided / agreed that different timescales or duration of products where deemed more useful could be considered.

KS noted that capacity allocated in one zone was interactive with that offered in another. Therefore it is difficult to see how to price and allocate volumes to particular zones in advance of bids; indeed it would be inefficient committing to zonal volumes. It was noted that National Grid incentives were important in avoiding a risk adverse approach.

It was discussed that there could be different objective functions in releasing capacity. For example, as discussed in the presentation to clear the highest bid first, or alternatively to take all bids providing that the overall SO costs were covered. In these examples it was noted that whilst the volume was greater in the second example there was a form of cross subsidy and the value of the access was reduced.

The issue of a buyback feature was raised. It was noted that this could be offered on a voluntary basis.

It was also noted that the process may be better aligned with the settlement timescales of 0500 to 0500 and also with OC2 Wednesday to Wednesday. It was noted that payment before start was interactive with security requirements.

One member proposed that National Grid do analysis and provide a cost and volume to the market before participants bid. It was also suggested in this case if there were multiple bids then the auction could take place. National Grid noted there was a significant interaction of zones and that fixing volume within zone may be inefficient. It also discussed whether the auction could be two way, i.e. users bidding in access as well as bidding for access. The central function would then optimise the trade between users and release additional capacity. Concern was expressed that this approach confused SO release and bilateral trading

It was again questioned the usefulness of the timescales, quarterly & peak off peak. A member noted that this appeared to be aimed at having more efficient use of the release in the short-term. It was agreed that the revenue flows would be discussed at the next meeting as well as any appropriate incentives on NG. It was also discussed whether there could a maximum bid aspect – National Grid questioned the symmetrical of this – SL action to come back on different price discovery options.

SL

Revenue flows - Today, SO release, & Overrun

5. Not enough time to discuss in the meeting, to be carried forward.

Review work plan

6. Not enough time to discuss in the meeting, to be carried forward.

7. **AOB**

Date and location of next meeting:

10am, 23rd June, National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.