

Charging Issues Standing Group (CISG) TCMF Report

Stuart Easterbrook

Transmission Charging Development Manager

TCMF 26 May 2005

Background

- CISG meeting held at NGT House on 16 May 2005
- 14 electricity Industry members attended
- Five issues discussed:
 - Alternative STTEC charging regimes
 - NHH - HH Demand switching
 - Negative weights in transport model
 - Notice period for charge changes
 - Application of a more deterministic set of generation zoning criteria

Alternative STTEC Charging Regimes

- CISG discussed charging options:
 - Do nothing
 - Reduce Charge
 - Annual Cap on charge
 - Escalating charge with each use/limiting use
 - Non - Winter STTEC charge
- Merits of each option analysed but no consensus for one specific regime
- Many concerns surrounded the STTEC product or views that alternative access products should be developed
- National Grid agreed to consider the issues raised and indicate 'next steps' at May TCMF

Alternative STTEC Charging Regimes - Next Steps

- Is there a clear need to propose a change to the charging methodology?
 - Valuable contributions and discussions at CISG
 - Arguments for and against the options
 - Product has only been in operation over Winter 04/05 and has not yet been properly tested
 - Although some of the issues raised could be addressed by charging modification - ultimately concerns were with the access products
 - Must ensure that TEC is protected as the primary product
- For the use the STTEC product was designed for there is not yet a clear argument to justify a change to the charge
 - Review again after Winter 05/06

STTEC Reporting (1)

- Quarterly updates to the Short Term Firm Access website, available via:

http://www.nationalgrid.com/uk/indinfo/cusc/mn_sttec_apps.html

- Information to be published for accepted/rejected STTEC periods within the respective quarter
- No applicable STTEC periods in first quarter (Jan - Mar)
- Next updates expected for publication w/c 4 July 2005, 3 October 2005 and 3 January 2006

STTEC Reporting (2)

- For accepted applications, NGC will publish:
 - Identity of the User
 - Connection Site
 - Station Name
 - STTEC Period
 - Maximum and Minimum MW of STTEC granted
- For rejected applications, NGC will publish:
 - Details of STTEC period
 - Maximum and Minimum of STTEC requested

NHH - HH Demand Switching

- Issue discussed at first CISG meeting in March
- Action on National Grid to obtain further information to assess the materiality of the problem
- Elexon contacted for information on demand volumes switching to NHH - HH and HH - NHH
- Data held at Supplier 'Data Collector' level
- No 'quick win'
- National Grid proposed to establish a CISG sub group with interested parties to progress the issue
 - Obtain supporting information
 - Assess materiality
 - Consider solutions

Notice Period for Charge Setting (1)

- National Grid presented on the risks and issues associated with a six month notice period
- Risks and uncertainties include:
 - Use of older data in transport model (e.g. April/July SYS updates)
 - Increased risk of mid year tariff reconciliation
 - No triad data available
 - Uncertainties associated with forecasting revenue recovery
 - Price control reviews
- Relies on Ofgem to relax the relevant licence conditions governing under/over recovery and a widening of the tolerance band for revenue recovery

Notice Period for Charge Setting (2)

- Ofgem unconvinced with the merits of relaxing National Grid's licence condition to accommodate a six month notice period
- The Authority requested further information on the uncertainties associated with forecasting revenue recovery figures
- Attendees suggested National Grid consider a voluntary timetable for modifications to the charging methodology

Deterministic Zoning Criteria

- Industry preference for further transparency on the current zoning process
- Aim to consult on any required zonal changes prior to the January notification
- Publish future year tariffs with potential zonal changes - to be included the October SYS updates
 - Highlight and consult on 'exceptional circumstance
 - Target date for publication, October 2005

June CISG

- Impacts of the ITC scheme on the TNUoS methodology
- NHH- HH Demand switching sub group
- GB Charging Condition Questionnaires
- Options
 - Go ahead and discuss these issues
 - Postpone meeting

Charging Issues Standing Group (CISG) TCMF Report

Stuart Easterbrook

Transmission Charging Development Manager

TCMF 26 May 2005