

## Transmission Access – Enabling Sub Group Draft Terms of Reference under TCMF

### Overview

The Transmission Access Enabling Sub Group is established under the Transmission Charging Methodologies Forum to assist the two Working Groups investigating changes to the charging methodologies in support of CAP161-166. The CUSC proposals introduce arrangements for a number of short term and long term products.

### Introduction

At the CUSC Amendments Panel meeting on 25<sup>th</sup> April National Grid raised 6 amendments (CAP161-166) that are being discussed by CUSC Transmission Access Enabling Working Group 1 and 2.

CAP161 introduces structured arrangements for the System Operator to release transmission access rights in operational timescales when a user bids more than the forecast cost of accommodating the access (the expected constraint cost).

CAP162 removes the restriction on generation from exceeding their access right holding (short and long term). This will permit generators to export above the sum of their access rights, but it is proposed that they should be exposed to a cost reflect charge for doing so (the cost of accommodating the overrun).

CAP163 introduces arrangements for generating companies to share transmission access close to real time in a much more dynamic and flexible manner than currently provided for under the CUSC. CAP163 also lead in describing the local and zonal access arrangements common across these amendments. Settlement of overrun on a zonal basis introduces implicit sharing on a zonal company basis.

The associated CUSC Enabling Sub Group is also considering CAP164, connect and manage. However, a cornerstone assumption for CAP164 is that the charge will be based on TNUoS. Therefore there are minimal charging implications.

CAP165 introduces temporally defined finite long-term entry access rights, and associated user commitment. Existing generators would be required to nominate, and new generators would have to book, the number of years for which they require long-term entry access rights. All generators would need to provide appropriate user commitment for the requested period of entry access.

CAP166 proposes that all long-term entry access rights to the GB transmission system would be allocated by auction. Available access rights would be identified on a zonal basis, and released in annual blocks. Successful bookings would be underpinned by an appropriate level of user commitment.

In order to facilitate these CUSC amendments, changes to the Charging Methodology may be required. The Enabling Sub Group will provide support to aid consideration of these changes and where appropriate, may propose changes to the Charging Methodology.

## **Meetings**

The meeting for this Enabling Sub Group will take place alongside the associated CUSC Enabling Sub Group. It is envisaged there will be 7 meetings over three months. Depending on the work load this may be extended. Any extension will be discussed at the June TCMF or notified to TCMF participants in July seeking comment.

National Grid may also establish smaller sub-groups of experts to focus on specific technical areas and carry out specific tasks charged by the Enabling Sub Group. The smaller sub-groups will report developments and progress back to the Enabling Sub Group.

## **Membership**

The sub group is made up of members of the associated CUSC Enabling Sub Group. For the purposes of ensuring a robust cross section of views and having the appropriate expertise available, the chair may invite additional experts to the Enabling Sub Group meetings. Each member may request that an alternate attends any Enabling Sub Group meeting on their behalf. The chair may add or vary members as required. All members undertake to attend as many Enabling Sub Group meetings as possible, informing the Chair in good time to ensure that appropriate replacement expertise can be added.

## **Scope**

The Enabling Sub Group will evaluate changes to the charging methodologies relating to the enabling elements of CUSC amendments CAP161 through to 166 and develop proposals for discussion at TCMF and further consultation by National Grid. Any proposed change should be justified against the applicable objectives in National Grid's Electricity transmission licence condition C5 and C6 and be consistent with the wider objectives of the transmission licence and the Act.

The Enabling Sub Group will report to the TCMF, providing feedback on progress and current issues. The Enabling Sub Group should maintain an assumptions and risk register that is made publicly available. The TCMF may request that assumptions are reviewed following discussion at TCMF.

The Enabling Sub Group should be mindful of discussion in the other CUSC and charging transmission access Working Groups 1 and 2. The assumption and issues registers from these Working Groups should be reviewed at each meeting. The chair will undertake to clarify any cross Working Group issues directly, in the event this can not be done these will be discussed with TCMF members and reported back to the appropriate Working Group.

The Enabling Sub Group will produce a charging (pre) consultation covering the charging issues associated with the enabling elements of the CUSC amendments. The report will include an overview of analysis and discussion of the following:

### **Generation zoning:**

- Development of a new methodology used to determine the most efficient generation zones to facilitate the release of short-term entry rights (CAP161), entry overrun (CAP162), entry capacity sharing (CAP163), finite long-term entry rights (CAP165) and long-term entry capacity auctions (CAP166).
- Determination of how zones might evolve over time given changes to the transmission network and generation and demand background.
- Recommendation of appropriate governance arrangements for the new generation zoning methodology.

#### Local asset charging:

- Consideration of a new CUSC definition of 'local' and 'wider' transmission assets to determine eligibility for a User to apply for short-term entry rights, entry overrun, entry capacity sharing, connect and manage.
- Consideration of the charging implications for 'local' and 'wider' assets.
- Consideration of transmission revenue implications.

#### Commoditisation of the TNUoS residual generation tariff:

- Justification of the commoditisation of the residual generation tariff and consideration of other options.
- Consideration of the appropriateness of maintaining the existing 27/73 Generation/Demand revenue recovery split.
- Consideration of European guidelines regarding average 'G' tariffs.
- Consideration of the impact on each parties' revenue flows from the overall revenue recovered from all entry products.
- Consideration of the role of the commoditisation of the residual generation tariff, to balance TNUoS revenues (i.e. negative residual tariffs or the passing through of surplus revenues to end consumers).

In order to be efficient the charging report may directly reference the access related CUSC amendment material.

#### **Responsibilities and Appointment of the Chair**

The Chair of the Enabling Sub Group will be appointed by National Grid and will be responsible for ensuring the smooth running of the Group. The Chair will also be responsible in ensuring the Terms of Reference are observed.

In the event the regular Chair is not able to attend the Enabling Sub Group will agree an alternative chair for that meeting. An alternative chair may be agreed in advance.

#### **Use of National Grid's website**

All information presented to the meeting, draft and final minutes and papers will be published on National Grid's industry information web site.

National Grid will regularly review the terms of reference to ensure an effective forum is maintained.

#### **Membership**

It is recommended that the Sub-Group has the following members:

Chair	Hêdd Roberts (National Grid)
National Grid Representative	Craig Maloney
Industry Representatives	Paul Jones
	Allan Kelly
	David Lewis
	Robert Longden
	Simon Lord
	Frank Prashad
	Louise Schmitz
	Nigel Scott / Helen Snodin

Dennis Timmins  
Dave Wilkerson  
Barbara Vest

Technical Expert	Beehun Tan/ Qiong Zhou (Jo)
Authority Representative	Anthony Mungall
Technical Secretary	Tom Ireland (National Grid)

NB: The Sub-Group must comprise at least 5 Industry Representatives (who may be Panel Members)

The Chair of the Sub-Group and the Chair of the CUSC Panel must agree a number that will be quorum for each Sub-Group meeting. The agreed figure is that at least 5 Sub-Group members must participate in a meeting for quorum to be met.

The Technical Secretary to keep an Attendance Record, for the Sub-Group meetings and to circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the Final Sub-Group Report.

The membership can be amended from time to time by the CUSC Amendments Panel.