

## Draft - Transmission Access Standing Group (TASG)

Meeting Name	Transmission Access Standing Group (TASG)
Meeting No.	4
Date of Meeting	15 <sup>th</sup> June 2007
Time	10:00am – 03:00pm
Venue	National Grid House, Warwick

### 1. Attendees

Phil Baker	DTI
Bill Reed	RWE
Richard Ford	RES
David Scott	EDF
Tony Diccico	Npower
Goran Strbac	DTI
David Walker	West Coast Energy
Tim Russell	Russell Power
Robert Longdon	Airtricity
James Anderson	Scottish Power
Jeremy Sainsbury	Natural Power
Aileen McLeod	Scottish and Southern Energy
John Morris	British Energy
Karron Baker	Ofgem
Patrick Hynes	National Grid
Beverley Viney	TASG Technical Secretary
Hedd Roberts	TASG Chair
Paul Plumptre	National Grid

### 2. Apologies for Absence

16. Apologies for absence were received from Paul Jones, Dennis Gowland, Mike Davies, Malcolm Taylor, Dewi Ab Iorwerth, Mark Copley, Bob Brown and Tony Cotton

### 3. Actions and Notes from 5<sup>th</sup> June

17. The notes from the meeting of the 5<sup>th</sup> June were agreed

18. Actions from the 5<sup>th</sup> June –

- Action 1 – Can not trade before commissioned, have to have physical generation capacity to trade TEC.
- Action 2 – to “sell” you have to be incumbent, but this is not necessary to buy it as long as you have a connection date.
- Action 3 – ETEC works best back-to-back with TEC then would only get TEC if you already have S37. Greater discussion will be required if going forward with this.
- Action 4 – Complete
- Action 5 – Complete
- Action 6 – TEC is a number in your bilateral agreement. Transmission access is a set of rights and obligations in the CUSC. HR will circulate notes for everyone to agree (or not).
- Action 7 – ongoing, can not do ETEC 36 months ahead. ETEC stops at 2 years out due to uncertainties. RF model provides access after 3 or 4 years - that is a clear difference between the two.

### 4. Presentations

19. DS gave a presentation on TEC or BM – the aim is to incentivise Users to choose the right access product and to share access without discriminating. The full presentation is available on the website.
20. The Standing Group questioned the incentive to hold TEC when those not holding TEC could submit Physical Notifications (PNs) together with Bids and Offers in the Balancing Mechanism without paying TNUoS.
21. DS suggested that ‘must run’ generation technologies such as wind should hold TEC, since it should run (rather than being constrained) in windy conditions.
22. GS gave a presentation on a Framework for transmission access development options. The options ranged from ‘tweaks’ to the existing framework through to fundamental reform. GS made the point that the right option would depend on how well renewables can work with the existing market. During the presentation it was suggested looking at the report as to how much capacity is required on [www.sedg.ac.uk](http://www.sedg.ac.uk)
23. The Standing Group noted that a move to locational marginal pricing would be a significant change from the status quo involving significant IS expenditure.

### 5. Pros and Cons of model

24. The group had a detailed discussion on the Pros and Cons and the following points were raised

#### 25. TEC Transfer

- Fee charged for analysis is not small
- New generators still have to establish a connection
- Not much of a difference compared to existing
- Actual Exchange Rate changes every minute
- Who retains liability of charging?
- Risk of revenue over/under recovery
- Transfer not a trade
- Keep central register of buyers and sellers and National Grid to marry up the two
- Reverse exchange rate might be different/might be a risk then of not getting it back
- NG need to clarify some of the things there is uncertainty on at the moment with this model

**Action: NG**

#### 26. Extra TEC

- A lot of debate on collar, wide disagreement to this.
- Indication of how much capacity will be released by this

**Action: NG**

- Explicit short term product only

#### 27. Overrun

- Should there be an under run charge?
- TEC a right not obligation
- Need some way of getting customer to pay for local connection
- Incentive on TEC holders?
- Impact on TNUoS?
- Indication of how much capacity will be released by this
- Explicit short term product only
- Cost reflective charging
- Change enduring
- Does it discriminate?

28. The group agreed that if a model required licence change it would be discussed, however as this is outside the remit of this Standing Group it would then be recorded in

the report along with a note that if this model was to be taken forward a licence change would be required.

### 6. Models for discussion

29. **TEC Transfer** – The following additions were discussed when the Pro and Cons document was presented
- Clarification was requested regarding the principal of TEC transfer  
**Action 1: National Grid to clarify**
  - Restricting transfers to zones which are electrically proximate is a variation.
  - This model could be considered similar to CAP142 model original proposal which was rejected for the preferred WGAA proposal and has now been implemented.
  - Assumption - no assets will be installed to facilitate transfer, and this should be part of the principles.
  - Not able to trade “future” TEC, must have TEC at the start of the trade to prevent TEC hoarding and giving future TEC value.
  - Got to have CEC to be able to receive the transfer (either current or in the future).
  - Could create stranded assets for up to 2 years.
  - TNUoS charges for Y+1 and Y+2 still apply to the party transferring the TEC.
  - The name of the model should be changed to TEC Temporary transfer.
  - The degree of National Grid facilitating (rather than a bilateral) was questioned.
  - The options implemented by CAP068 were discussed, it was confirmed that CAP068 options have never been used.
  - Cons should also include – uncertainty caused by the fact it is an Auction.
30. It was agreed that the models will not be fully finished amendments as this will be the job of any future Working Group should the model be taken forward as an Amendment Proposal.
31. One possible variant to this model is TEC sharing
32. **Extra TEC** – PH gave a short presentation to the group, for details of the presentation please refer to the National Grid Website.
33. Following additions were discussed when the Pro and Cons document was presented
- Is there a unique way of apportioning constraint costs and are a set of rules required?
  - Short Run Marginal Cost is for any increase in constraint costs incurred as a result of this product and is charged to those that have caused the constraint i.e. the purchaser of ETEC.
  - National Grid presentation proposed means of charging ETEC user for the “local” assets that are required to provide the connection.
  - National Grid to provide methodology for cost reflective charge if this was to be taken further as an Amendment Proposal.
  - Likely to be other parties constrained off rather than the ETEC user.
34. **TEC Overrun** – The following additions were discussed when the Pro and Cons document was presented
- Part of the charge (SRMC) will go to BSUoS and the rest (cost of “local” assets) into TNUoS.
  - Need to remove the hedging terminology
  - Concern regarding security of supply impact, as may undermine TEC
  - If generation is required by SO, there will be no access charge and a bid will be accepted
  - Existing Generators could reduce their TEC and rely on Overrun.
  - If a number of Generators did do this a charging amendment might be required.
  - Interaction with charging and energy market needs to be carefully thought through.
  - How many MW are affected?

- Constraints are solved first in methodology

35. **Connect and Manage** – The following additions were discussed when the Pro and Cons document was presented.

- Access within 2-6 years not 3?
- No protection against Transmission Constraints
- The model removes the linkage between completion of “wider” works and connection date
- Is there any way of National Grid applying for S37 earlier?
- It was suggested that if the CAP150 is approved then this could be used a signal for applying for S37 for applications.
- Incentive is to go to the Transmission Company as soon as possible to secure a connection.
- The risk is S36 and/or S37 being significantly delayed
- Always going to have a miss-match

36. **Wind Energy Strawman Proposal** – There was considerable uncertainty regarding the details of this model, but without the model’s proposer it was not possible to explore further.

### 7. Next Meeting

37. The next meeting will be held at National Grid, Northampton on 13<sup>th</sup> July 2007. The meeting will commence at 10:00am.