

Transmission Charging Methodologies Forum

Meeting Report: 23rd March 2011

This report outlines the key discussions and actions of the GB TCMF meeting. All presentations, agendas, meeting notes and future meeting dates are available at the TCMF web page of the National Grid Industry Information website at <http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>

ATTENDEES

Patrick Hynes	National Grid (Chair)	Michael Dodd	ESBI
Lewis Dale	National Grid	Chuan Zhang	The Crown Estate
William Kirk-Wilson	National Grid	Paul Jones	E.ON UK
Adam Sims	National Grid	James Anderson	SP
Steven Lam	National Grid	Rekha Theaker	WatersWye
Andrew Wainwright	National Grid	Karl Maryon	Haven
Garth Graham	SSE	Nicholas Fedorkiw	Mainstream
Anthony Mungall	Ofgem	Louise Schmitz	EDF
Peter Waghorn	Cornwall Consulting	Frank Prashad	RWE
Ricky Hill	Centrica	Zoe Rivers	Npower
Bernard Kellas	SSE	Alex Murley	Renewable UK
Ebba John	DONG Energy UK		

1. Minutes and actions from previous meeting

The Minutes and Actions were circulated, these are available on the National Grid charging website at <http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>.

Action (New ; Outstanding ; Completed)	Responsibility	Due Date
CUSC housekeeping changes following CAP188 implementation	National Grid	March 2011
Produce a draft ToR for TCMF and circulate for comments	National Grid	February 2011
Review the transport model user guide	National Grid	March 2011
Provide an update on intermittent generation at the next TCMF	National Grid	March 2011
Review the potential improvements suggested for the Condition 5 report	National Grid	March 2011

2. The Electricity Scenario Illustrator – Lewis Dale & Will Kirk-Wilson

National Grid presented a new electricity scenario illustrator (ELSI) to the Forum. ELSI has been developed by National Grid to provide visibility around the cost-benefits of proposed infrastructure investment projects as part of the RIIO stakeholder engagement. The Excel based model is available for download from the Talking Networks section of the National Grid web-site.

The first part of the presentation covered the intent of ELSI. One aspect discussed regarded the cost of unsupplied energy used within the model, and it was agreed that this was difficult to estimate, as it varied depending on the user involved. It was apparent that there were parallels with work carried out previously on gas unsupplied energy costs, which may be of relevance.

A number of the assumptions within the model were highlighted, and the audience were invited to comment as to their applicability. This included the forward energy pricing assumptions, the probabilistic treatment of wind, and the modelling of neighbouring market interactions. Attendees were also reminded that ELSI is of sufficient flexibility, that any assumptions built in by National Grid can be readily altered by the user.

The presentation then focused on the ELSI model in detail, and guided the audience through some of the functionality accompanied by hand-outs of results and screenshots. It should be noted that generation is summed by zone rather than identified by project and transmission investment costs only include National Grid costs at this point in time. It was also noted that shadow prices are positive in constrained off areas, and negative in importing zones.

Discussion points included the applicability of the model for future related National Grid analysis work, particular in the areas of CUSC proposals and charging modifications. National Grid is already using ELSI as part of their investigations into transmission sharing. It was also clarified that any data changes to base models would be rolled out to interested parties as appropriate.

The presenters were keen to receive feedback on ELSI, and can be contacted as follows;

- William Kirk-Wilson on 01926-655424 or email: william.kirkwilson@uk.ngrid.com
- Lewis Dale on 01926-655837 or email: Lewis.Dale@uk.ngrid.com

3. Update of transmission sharing – Andy Wainwright

An update was provided as to the work National Grid have undertaken into the options for reflecting Cost Benefit Analysis (CBA) triggered transmission investment in the existing TNUoS methodology. Currently analysis is being conducted using the Electricity Scenario Illustrator to understand whether load factor is a reasonable proxy for the effect of transmission sharing. It was noted that there may be concerns over complexities caused by time of use and diversity of generation. Comments were received around the need to consider the year round effect of demand in addition to the current generation focus, and also the need to be mindful of self-fulfilling conclusions based on initial data assumptions.

It was noted that this analysis is still in the early stages, and that further updates would be forthcoming as work progresses.

4. Project TransmiT update – Anthony Mungall

Attention was drawn to the two letters published on the Project TransmiT web area on 22nd March, and a brief précis on each was given in turn.

The first letter related to the publication of draft academic reports on charging models and next steps. Three draft academic reports are now available on the Project TransmiT web forum, along with two appointed peer reviews of these reports. Comments on the reports from other industry participants are expected later this week. A fourth academic report has been subsequently commissioned, and will be available as draft in early April. Comments on all four draft reports are welcomed by 11th April, with the intention that final reports are published late April / early May.

The second letter detailed the next steps on connections issues. It provided a narrative on progress on electricity user commitment proposals, and also noted that there remained the possibility of a Significant Code Review (SCR). The letter also related progress on the timely connections consultation that closed in January. There was no real consensus of views obtained from the consultation, and therefore it is not felt that there is sufficient evidence available. Ofgem are therefore proposing to introduce new TO reporting requirements to gain further evidence, and welcome responses by 3rd May 2011.

5. CMP192 – Enduring User Commitment – Adam Sims

An update was provided to the proposed enduring arrangements for user commitment. Proposal CMP192 has now been sent to workgroup by the CUSC panel, with a consultation expected in June. On this basis, a CUSC panel recommendation could be expected in July.

The update discussed the background to the current position, with interim arrangements in place until 31st March 2012. The current proposal is to be forward looking, rather than seeking

to indemnify sunk costs. Areas of consideration for the proposal were presented, including value at risk and likelihood of cancellation.

6. A.O.B.

The chair noted that the proposed housekeeping modifications to the charging statements following their incorporation in the CUSC (CAP188) are to be presented to the CUSC panel on Friday 25th March. Two separate modifications are required; a charging proposal for Chapter 14, and a linked CUSC proposal for definition changes to Chapter 11.

The chair asked that Forum attendees (and other interested parties) please be proactive in providing views and comments as to the future content of TCMF. Any suggestions can be forwarded to Patrick Hynes (01926 -656319, e-mail patrick.hynes@uk.ngrid.com), or one of his team.

Dates of future meetings to be held at National Grid House, Warwick:

Wednesday 18th May, 2011

Wednesday 20th July, 2011