

**Transmission Access Short Term Working Group 1, CAP161-164
Attendance, Actions and Agreements Record**

Meeting 2, 28 May 2008, National Grid House, Warwick

Attendees:

Hêdd Roberts (Chair)
Patrick Hynes
Kathryn Sorrell (Tech Sec)
Jeremy Caplin
Richard Ford
Paul Jones
Garth Graham
Deborah MacPherson (STC)
Rekha Patel

Rob Rome
Tim Russell
Barbara Vest
James Anderson
Bob Brown
David Hunt (Ofgem)
Fiona Navesey (alt f. Merel)
Dennis Timmins (alt f. Tony)
Andy Rimmer (alt f. Simon)
Nigel Scott (alt.f. Helen)

Apologies:

Tony Diccico
Paul Mott
Helen Snodin
Merel van der Neut Kolfshoten
Simon Lord

Item No.	Description	Action
1.	<p>Meeting and actions from previous meeting</p> <p>Updates to the terms of reference and assumptions, issues and risk register have been completed.</p> <p>An extraordinary SQSS meeting is planned for the 30th May to discuss a review of the SQSS with regards to the impact of the transmission access proposals. A further progress report will be given at the next meeting.</p>	HR
2.	<p>Feedback from WG2 and 3</p> <p>Both have discussed their terms of reference and work plans. At the second meeting of WG3 there were two competing methodologies proposed for zoning. Most pertinent issues centered around the work needed to create the zones and the interaction with defining the various products. A question raised by WG3 was whether the accuracy of zones or the definition of the product should lead. For example, would the timescales of the product impact on the timescales for changing the zones?</p> <p>A WG member discussed whether there would be different zonal definitions for different products. The working assumption is that the same zones are used throughout and this is stated on the assumption register (No.6). Long term access can become a short term access product (via trading or exchange) and therefore the same zones need to apply.</p>	
3.	<p>Assumptions, risks and issues register</p> <p>A WG member suggested that assumption 45 'Access regime change alone cannot provide 2020 target' was incorrect although a number of WG members disagreed. It was agreed to leave the assumption on for the time being, and review when the development of the amendments was further progressed.</p> <p>A WG member discussed the interaction of CAP150 on all the proposals (CAP161-166). If future TEC could be traded and therefore had a value then users may be less likely to give it up and hence less TEC is released to those seeking it. The effect of CAP150 and the risk to TEC trading to be added to the risk register.</p> <p>Assumption 15, 'Residual is commoditised'. This is the initial assumption made in the proposal but WG3 will be looking at this issue. For the purposes of WG1 and WG2, the key issue is that short-term users and long-term users both contribute equitably to the residual, and there may be alternative means of</p>	PH

	<p>achieving this that come out of WG3.</p> <p>Issue No. 61 'Changes economics of existing projects' – implies to existing power stations as well as new projects. Register to be updated.</p> <p>The register is to be updated regularly as issues develop. All WG members to send any comments to PH.</p>	<p>PH</p> <p>ALL WG members</p>
4.	<p>Targeted cost models</p> <p>JC gave a presentation on how National Grid currently calculates constraint costs for their own internal reporting. This lead to a lot of discussion, particularly on the issue of calculating the cost of creating headroom. JC to send out details clarifying the process described in the presentation. JC to consider the development of the methodology for calculating overrun costs rather than monitoring and allocating constraints cost.</p> <p>It was agreed constraint costs are the sum of actions taken (either pre or post gate closure) plus the cost of creating any additional headroom when required. A detailed methodology needs to be agreed. WG members to consider the presentation and the associated rules prior to the next meeting.</p> <p>Clarification needed for the definition of MEL/TEC/CEC/SEL/FPN to ensure there is nothing that would inhibit the use of overrun. Does the grid code give guidance as to how to calculate headroom for intermittent generation or define headroom?</p> <p>PH gave a presentation on overrun pricing and marginal costing. All WG members to consider the marginal costing models and to test with various examples to try and find circumstances where the model works and circumstances where the model does not. The issues raised from the examples will be discussed at the next meeting.</p> <p>A WG member raised the issue of compensation for the removal of access. This is expected to be dealt with by WG2, however will be added to the issues register.</p>	<p>JC</p> <p>All WG members</p> <p>PH</p> <p>All WG members</p> <p>PH</p>
5.	<p>Socialised costs: Justification against CUSC objectives</p> <p>PH gave a presentation regarding the increase in constraint costs on the Cheviot boundary (between England and Scotland) in a Connect and Manage world. The presentation introduced a spreadsheet which would allow approximate constraint costs to be calculated for various scenarios. All WG members to consider realistic scenarios prior to next meeting (e.g. including fall-out rates in planning, etc.).</p> <p>Following discussion it was agreed that further analysis of a number of pinch points (in addition to the Cheviot boundary), where the assumptions could be tied down, would also be useful.</p> <p>Justification needed for socialising the cost of constraints. It was suggested that the justification should be based on the quantity of additional generation that would connect to the system in a socialised Connect and Manage world against the quantity of generation that would connect in a cost-reflective (e.g. overrun) world i.e. the net benefit. The WG members were actioned to consider the</p>	<p>All WG members</p> <p>KS</p> <p>All WG members</p>

	<p>issues for discussion at the next meeting.</p> <p>There was discussion with regard to CAP164 and whether it should be applicable for all plant types or just renewables. Ofgem advised that the WG should work within the current CUSC baseline, which includes a need to be mindful of NG's Licence obligation to be non-discriminatory between the various plant types.</p> <p>Some WG members argued that the connection of additional generation would also lead to a reduction in the energy price, although other WG members did not agree. All WG members to consider the associated issues prior to the next meeting.</p>	All WG members
6.	<p>Socialised costs: Eligibility criteria</p> <p>To be carried forward</p>	
7.	<p>Revenue Flows</p> <p>To be carried forward</p>	
8.	<p>Consideration of constraint costs and carbon savings</p> <p>PH gave a presentation which concluded that cost savings vary considerably depending on the assumptions that are made in the analysis. Further development needed to quantify assumptions. WG members to consider the issues raised in the presentation and bring forward any further issues.</p>	All WG members
9.	<p>Review workplan</p>	
10.	<p>AOB</p>	
	<p>Next meeting on the 10th June 2008 at Elexon, London.</p> <p>Elexon, 4th Floor, 350 Euston Road, London NW1 3AW, Telephone: 020 7380 4100</p> <p>http://www.elexon.co.uk/contact/locationMap.aspx</p>	