

Transmission Access Working Group 2

Meeting Name	Transmission Access Working Group 2
Meeting No.	19
Date of Meeting	4th November 2008
Time	10:00 – 15:30
Venue	Hilton, Warwick

This note outlines the key discussions, decisions and action points from the nineteenth meeting of Transmission Access Working Group 2.

1. Introductions/Apologies for Absence

1. Apologies for absence were received from Sebastian Eyre, Nick Frydas, Fiona Navesey, Ed Reed, Lisa Waters and Min Zhu.

2. Working Group Alternatives

2. The Working Group reviewed the WG consultation requests for alternatives. Two CUSC WG Consultation request forms were received.

First Hydro's Alternative

3. SL gave an overview of his alternative to the group. His alternative is based on WGAA2 with the modification that the percentage that the user is required to secure reduces as the user approaches commissioning. SL suggested that the ramping down of security could be contingent on whether the project was keeping up with milestones. This would avoid people hanging around waiting for their securities to drop away.
4. SL noted that the risk profile of a plant decreased during a project. BR considered that each risk profile was project specific.
5. DG noted that there is a big gap between pre- and post- commissioning generators in the current proposal. For security to be required the power station would need to close down and the company would need to go bust. PJ pointed out if a user's liability is taken over you have seamless payment of charges if the liabilities aren't taken over extra TNUOs is recovered. BR noted that someone buying the station may buy it without the liability and use short term products. CM pointed out security should be based on probability rather than covering every specific eventuality.
6. DG suggested it would be helpful to develop a generic risk profile. HR noted that this was a good idea but there was not enough time to produce a detailed risk profile.
7. CM voiced concern about SL's alternative being based on final sums. SL noted that he had concerns whether TNUoS was an appropriate basis for user commitment but pointed out that his principle could work on the other models.
8. BR suggested the group should consider project development milestones like the ordering of equipment and gaining planning permission. PJ suggested that the security could as now be under a six monthly review. JA suggested that we could look at the milestones used in CAP150.
9. The group considered that there was some merit in the alternative. DG believe this may go some way to reduce his concern that excessive securities would be a barrier to entry.
10. PJ was concerned that if you only paid 10% security for the assets there was not an appropriate balance between the risk the new user was taking and the risk socialised by the industry.

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11. The group considered if SL's consultation request was a viable alternative. CM was concerned about the pre and post commissioning liability not having the same basis and would prefer to see it connected to WGAA3. BR suggested it would be good if it was linked to milestones and cost reflective final sums. PJ suggested we would need to be clear about the milestones and the percentages, and more work is required.
12. CM asked what the over head costs would be. HR pointed out that we were already in discussion with users about their project milestones so the incremental cost should not be high.

SSE Generation Ltd's Alternative

13. Under GG's alternative new users would be required to make a firm commitment to pay four years fixed TNUoS charges. Users would then have an enduring right as long as TNUoS payments were maintained. Users could relinquish their right to the capacity if they give 15 months notice.
14. GG suggested that 15 months was the time needed under the gas regime to build capacity. The group considered the appropriate notice period. PJ noted that a generator would prefer to only give two years notice and National Grid would prefer six years notice so four gives a balance between the two parties.
15. GG pointed out that we needed to know from Ofgem at this stage if enough analysis has been done. If the Working Group knows sooner rather than later, further analysis can be performed.
16. CM asked if we could work out what the likelihood of assets being stranded and the potential costs. BR asked what was meant by stranded assets. He argued that under the current arrangement there was no risk of stranded assets. In the future there may be an increased risk that inefficient investment will be made because National Grid does not know when users will be leaving the system. The group considered stranding risk is the excess cost of investment which would not have been done if you had known when power stations were going to shut.
17. The group considered it would be helpful to know what new investment you would not do if some power stations shut unexpectedly. CM suggested that a subgroup should be put together to specify what analysis is required. HR, BR, PJ, JA, SL, GG and CM volunteered to be in the subgroup.
18. The Working Group considered whether users who had not filled in the correct form could still raise alternatives. The group agreed that people who had suggested alternatives in their response but had not completed the correct form should be contacted and asked to complete the form.

Action: SH

19. PJ noted that for an alternative to go forward the majority of the group need to agree. GG added that the Chair of the group may also allow alternatives to go forward.

3. LCN

20. MD discussed his note on LCN with the Working Group. GG pointed out that the charging definition of LCN could lead to large areas of Scotland not being in the MITS.
21. One definition for LCN works is that these are the works required to connect a user if you ignore the cost of constraining other users off. The group considered whether it was appropriate to ignore the impact of all users or if some local users should be considered in the assessment of LCN works.
22. CM believed that the definition should be linked to the charging definition otherwise users only having a local connection could get deeper works than they are paying for.

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23. BR suggested that your LCN works should only be the 'new build' assets between you and the existing assets.
24. HS suggested users should be able to choose how deep their LCN works go so they can choose who to trade with. HR suggested that point to point sharing would facilitate this kind of arrangement.
25. The group noted that further discussion was required on these issues by the other Working Groups and that this was likely to be at the other meetings of those working groups later in the week.

4. Legal Text

26. AQ reviewed the draft legal text for CAP165.
27. AQ noted that you cannot breach your LCN and that your LCN cannot be greater than your CEC. BR asked if the connection would be designed to your CEC or LCN. The group considered it would be designed to LCN. JA asked what would happen if Wokingham requested max gen. The group considered you would increase generation to your LCN not CEC. If the CEC was higher than the LCN you could overload the circuit if you generated at CEC.
28. The group considered whether legal drafting was required for the zonal alternative. Although the zones did not work there had been some interest in having zones in the responses. PJ suggested the working group should vote on this topic. We need to have a minimum number of alternatives if we can rule out zones we should.
29. The group considered what local works would be for embedded generators. Under the charging definition any substation with a GSP would be a MITS substation therefore a BEGA has no local works.
30. The group considered whether the CAP165 user commitments should be included in the allowed credit arrangements in section 3 of the CUSC. HR suggested the user commitment arrangements should be left in the connection agreements but it would be helpful to have an amendment in the future which made the arrangements more consistent.
31. The group agreed that LCN should be included in the TEC register or a similar register.
32. The group discussed whether LCN should be instantaneous or half hourly. TEC is currently half hourly GG suggested this should be used for LCN. CM suggested we should only be making primary changes.

5. Date and Location of Next meeting

33. The next Working Group 2 meeting will be on 11th November 2008 at AEP, London.

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Appendix 1 – Working Group Attendance

Members Present:

Hêdd Roberts	HR	Chairman
Sarah Hall	SH	Technical Secretary
Mark Duffield	MD	National Grid
James Anderson	JA	Scottish Power
Garth Graham	GG	Scottish and Southern Energy
Paul Jones	PJ	E.ON
Simon Lord	SL	First Hydro
Cathy McClay	CM	British Energy
Bill Reed	BR	RWE npower
Helen Snodin	HS	Scottish Renewables
Barbara Vest	BV	Gaz de France

In Attendance:

Dennis Gowland	DG	Fairwind Statkraft (Orkney) Ltd.
Jerrald Hauber	JH	RWE Innogy
Angela Quinn	AQ	National Grid

Apologies:

Stuart Cotten	SC	Drax Power
Sebastian Eyre	SE	EDF Energy
Nick Frydas	NF	Merril Lynch
Fiona Navesey	FN	Centrica
Edward Reed	ER	Smartest Energy
Lisa Waters	LW	Welsh Power
Min Zhu	MZ	Ofgem