

14 August 2008
Update from other working groups

Working Group 1 – Short-term access

Last meeting held on Wednesday 6 August

- CAP164 Connect & manage – Eligibility criteria
 - CAP148 to be used as a reference. Proposed criteria to be written up formally. Analysis of constraint cost vs carbon saving ongoing. Analysis will investigate impact of maximum lead time (3 or 4 years).
- Update on simple overrun pricing model
 - Various models discussed. Simple multiple of BSUoS-RCRC preferred. Analysis to investigate correlation with constraint costs ongoing.
- Update on average overrun pricing model
 - Updated principles for pricing methodology described. Practical reasons for collaring prices at zero to be examined in further detail.
- CAP161 SO release of short-term capacity - update
 - Proposal for two-day ahead release described. Work ongoing to assess impact of two-day ahead and five-week ahead on IS systems, resources and likely prices/volumes of release.

Working Group 2 – Long-term access

Last meeting held on Thursday 7 August

- CAP165 Finite long-term entry rights – security
 - Analysis of appropriate trigger period has identified issues with the use of TNUoS wider locational element as a proxy for incremental investment costs. Alternative proxies considered. UCAs from TO price controls preferred. Pre-commissioning arrangements to follow CAP131 [Alternative based on no security for wider reinforcements likely to be proposed]. Post-commissioning arrangements required further development [Issues identified with proposal to increase security required from aging power stations making long bookings]. Sub-group to consider further.
- CAP166 Simultaneous cleared nodal auction example
 - Spreadsheet model tabled and discussed. Optimisation to maximise [bid revenue – reinforcement cost] subject to transmission system constraints. Sub-group to consider further.

Working Group 3 – Enabling sub-group

Last meeting held on Wednesday 13 August

- Zoning
 - Analysis based on scenario-based zoning methodology (SZM) was presented. The zones were very small (often nodal) leading to a conclusion that alternatives need to be considered. A zonal alternative (accept larger zones and calculate the associated consequences e.g. increased constraint costs) and nodal alternative (manage uncertainties in calculation of

exchange rates by requiring users seeking to share to nominate associated nodes and maximum volume) were discussed and further work on these will be circulated prior to the next meeting [22 August, 2008].

- Local capacity nomination
 - The features associated with a local capacity nomination were discussed. The working group identified that the proposed approach did not facilitate circumstances in which there are a number of generators connected at the same node that may want to share local capacity. Options to deal with this issue were discussed and further material will be circulated prior to the next meeting.