

Transmission Access Review

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Introduction

- ◆ What is it?
 - ◆ Announced in Government's Energy White Paper 2007
 - ◆ Review, led by Ofgem and BERR, of the technical, commercial and regulatory framework for the delivery of new infrastructure and the management of the grid
 - ◆ Ensure they remain fit for purpose as the proportion of renewable generation on the system grows
- ◆ Progress
 - ◆ Call for evidence, published August 2007
 - ◆ Interim report, published January 2008
 - ◆ Work on access models ongoing

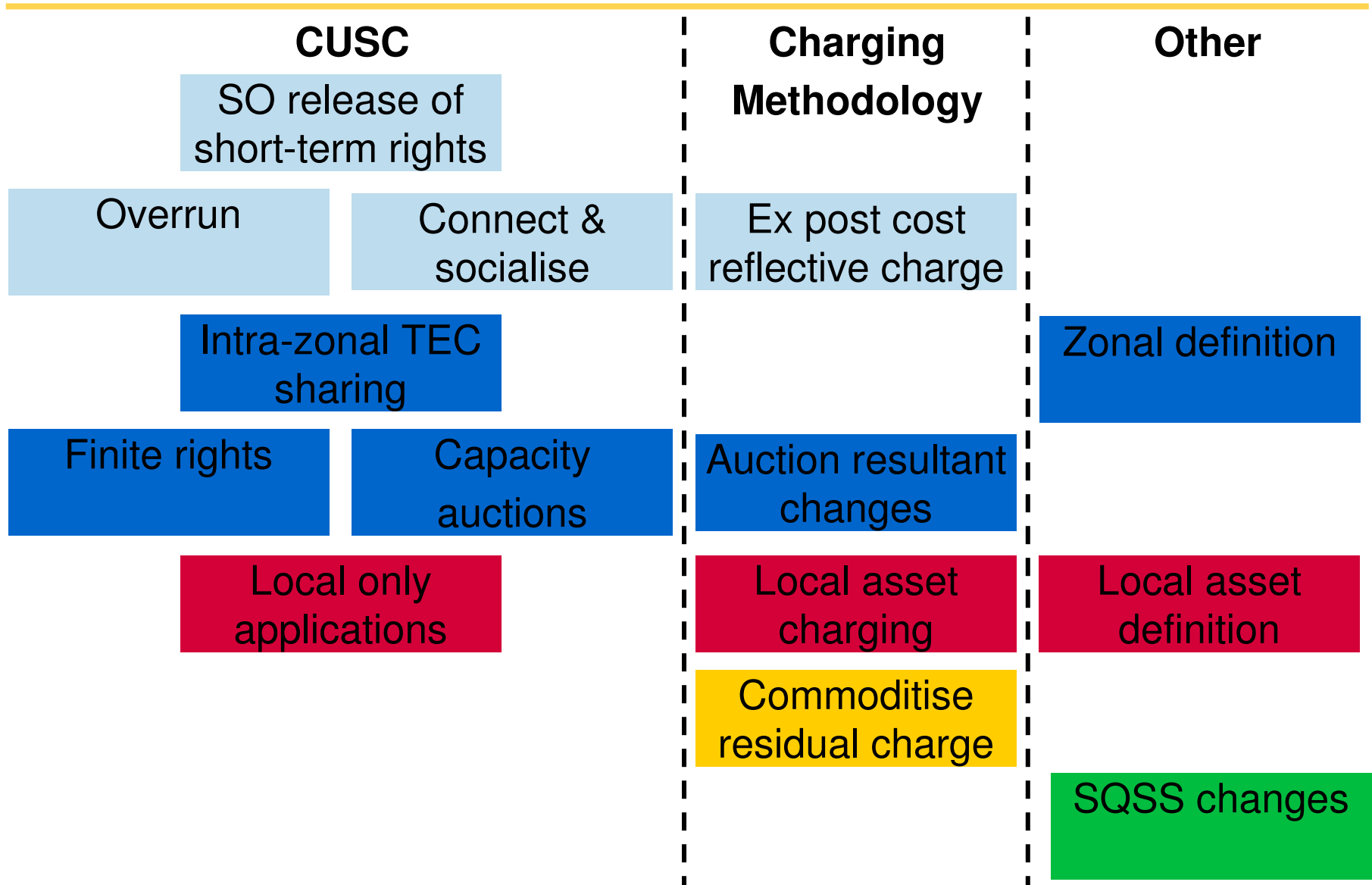
BERR/Ofgem initial conclusions on access reform

- ◆ Funding is available for significant transmission investment, but other problems blocking progress
- ◆ In the short-term, capacity should go to projects in the queue that can use it
- ◆ In the longer-term, arrangements that facilitate sharing of access will enable more efficient use of transmission system
- ◆ In the short to medium-term, developers need more confidence. Stronger incentives on TOs to deliver on time is one way to achieve this.
- ◆ Next stages of review, consider how components of access regimes may interact, with a view to bringing revised models (supported by quantitative & qualitative analysis) forward, Spring 2008

Role for industry governance

- ◆ National Grid believes that industry discussion around fully developed framework change proposals is required
- ◆ Suite of industry framework changes that cover each of the TAR models described in the TAR call for evidence is required
 - ◆ Incremental change
 - ◆ Connect and manage (socialise)
 - ◆ Capacity auctions
- ◆ This suite will also cover each of the key building blocks described in the TAR interim report
- ◆ Opportunity to demonstrate that the industry can deliver

Framework amendment proposals required



Broad mapping to TAR building blocks

Secondary trading

Nature of access rights

How are access rights allocated?

How are access rights priced?

Overrun

Ex post cost reflective charge

Connect & socialise

SO release of short-term rights

Intra-zonal TEC sharing

Finite rights

Capacity auctions

Local only applications

Local asset charging

Next steps

- ◆ National Grid to organise an industry seminar (w/c 17 March)
 - ◆ Discuss and agree the proposed approach
 - ◆ Senior representation from Ofgem and BERR to participate in discussions
- ◆ National Grid to organise industry workshop (w/c 7 April)
 - ◆ Discuss draft code modification proposals in further detail
- ◆ Raise formal code modifications
 - ◆ CUSC Panel meetings
 - ◆ 25 April; and /or
 - ◆ 16 May