

TAR Enabling Sub Group

Meeting Name	Transmission Access Review (TAR) Enabling Sub Group
Meeting No.	5
Date of Meeting	1 st July 2008
Time	10:00 – 15:00
Venue	National Grid House, Warwick

This note outlines the key action points from the fifth meeting of the TAR Enabling Sub Group.

1. Introductions/Apologies for Absence

1. Apologies for absence were received from Bob Longden, Anthony Mungall & Nigel Scott.
2. Previous minutes were agreed and actions were updated.

2. Decisions made and key points

Charging for the Residual

1. There was some discussion on the nature of Local Entry Capacity and how it relates to other physical and commercial measurements (e.g. TEC, CEC). CM took an action to define what it is (and standardise the name).
2. Is someone's Local Entry Capacity under their fully control i.e. can they nominate what it is (which is important if it is the basis of their residual charge)? CEC (technical rather than commercial tool) is the maximum physical capability of the local assets and therefore LEC should be able to be nominated up to this level. LEC is the maximum export limit that all short term and long term access products must not exceed in total. It was questioned whether Max Gen will exceed LEC or not? GG – Peterhead has a CEC under its maximum exporter capability, so how can it be related to technical capability only?
3. If the Working Group better understands what the residual covers then deciding upon a basis for socialisation will be easier. GG - Changing the basis of socialisation is a fundamental move and should not be done lightly. Ofgem rep stated that it is not for the Authority to steer this debate and the industry/ WG must perform further analysis and conclude a recommendation from that.
4. Local Nominated Capacity was a suggested alternative name for LEC. Hierarchy of terms: CEC/ LCN / TEC
5. The two models being taking further are the commoditisation on a energy basis or on a LCN basis e.g. one has been dropped - pro rated TEC. National Grid to draft up a consultation and include appropriate analysis, including how much is in each 'pot' of the residual.

Zoning Methodology

6. The interaction between zoning and local charging was discussed and action on National Grid to compare the definitions on local works and determine whether they are the same. Discussion on what happens to load factors (or later clarified as 'availabilities') if trading occurs between generators e.g. shortens existing maintenance outages.
7. Trade off between nodal tradability, maximum zone size and how much local works must be completed before access is allowed. E.g. if you define 'local works' deeply then zones are likely to be larger. It was reiterated that the existing TAR assumption/ model is that when access is exchanged or shared and constraints increase, this additional cost is socialised across all users.

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8. Additional access products are likely to increase the overall load factor of the system. E.g. full access right within a zone are more likely to be utilised.
9. There are three different areas where local assets and works are defined; Local definition in the CUSC, Local Charging and Local Works assumptions used to develop the zoning methodology. They are interrelated but may differ in certain instances.
10. Two opposing views were given. 1. If an additional generator moves into your zone then your zones shouldn't change and charges should be stable. 2. If changes to generation results in the existing zone no longer working then the zone should shrink to avoid excessive socialised costs (or charges change).
11. There is a disconnect between the actual local works that are required for connection and the Local Charge Users will be exposed too e.g charges are not going to be set on a nodally specific basis and derived from the specific local works that are needed to allow a generator to trade with all the relevant parties in the zone. The local charge comes from a generic methodology and if the methodology is found to not cover the correct costs then it will be updated.
12. SL – It is an important principle that once your local access is granted, that you should be able to trade freely without checking with NG
13. Zoning stability is important and therefore it is unlikely it can be done on the premise of “zones are acceptable at present but there may be issues in the future”.
14. QZ/ BH to write up the scenarios presented and distribute around the Working Group. WG to comment. One definition of local works should be chosen and then the resultant constraint costs can be examined. Assumptions should be stated. This allows an idea of what zones may look like in one instance. GG – have a look at a Scottish zone as often a robust test.

Local Charging

15. A consultation document is currently being compiled, a draft of which is to be sent round the Working Group for the week beginning Monday 7th July. This gives the enables sub-group a week to provide comment, which leaves two days to work up changes for the meeting on 16th July.
16. A deterministic definition of a MITS node was presented for the option Specific Treatment of Generation Connections. It was asked how this was determined. TI - By examination and comparison with the local works that are typically triggered for real connections. Such an approach was commented as a “little arbitrary” but if it identifies the correct sub, it was accepted as reasonable.
17. GG - If Users are going to be asked to put up long term commitment or for access to be auctioned it seems important that the charge/ product is stable. Both options seems to have issues with instability. This must be identified in the consultation document.
18. SL questioned whether the option of ‘no local charge’ has been assessed. GG quested whether all Users will see a signal or if its just a subset.
19. The draft TAR Working Group reports need to be produced for the 16th July to hit the July papers day. Enabling sub group will produce supporting material for these reports.

3. Actions and Next Steps

1. Ofgem legal team to confirm that parallel/ conflicting charging modification proposals are feasible – ongoing

Action: AM

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2. Define the term Local Entry Capacity (or LCN) and distribute for comment
Action: CM
3. Write up a scenario for zoning listing assumptions and distribute for comment
Action: QZ/ BHT
4. Compare definitions of 'local works' within both the Local Charging and Zoning Methodology works
Action: TI/ QZ/ BHT
5. Produce a preconsultation for Charging for the Residual
Action: CM
6. Confirm assumptions and costs behind substation local charge - ongoing
Action: TI
7. Circulate a draft Local Charging consultation by 7th July
Action: TI
8. Comment on draft LC consultation by Friday 11th July -
Action: All
9. Compare both Local Asset approaches for the same network
Action: TI

The location of the next meeting on 16th July, is at the AEP London offices:

17 Waterloo Place,
London
SW1Y 4AR

Tom Ireland: 0776698314

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Appendix 1 – Working Group Attendance

Members Present:

Allan Kelly	AK	Scottish Power
Craig Maloney	CM	National Grid
Dave Wilkerson	DW	Centrica
Hédd Roberts	HR	Chair
Dennis Timmins	DT	RWE npower
Frank Prashad	FP	RWE npower
Louise Schmitz	LS	British Energy
Michael Dodd	MD	Ofgem
Garth Graham	GG	Airtricity (alt)
Simon Lord	AR	International Power
Barbara Vest	BV	AEP (Gas de France)
Paul Jones	PJ	E.On
Helen Snoddin	HS	SSE (SRF)

In Attendance:

Emma Luckhurst	EL	EdF Energy
Tom Ireland	TI	National Grid
Owen Wilks	OW	National Grid
Qiong Zhou (Jo)	QZ	National Grid
Bee Hun Tan	BHT	National Grid
Stephen Curtis	SC	National Grid

Apologies:

Anthony Mungall	AM	Ofgem
Paul Mott	PM	EDF Energy
Nigel Scott	HS	SSE (SRF)