

## GB Transmission Charging Methodologies Forum

### Draft Meeting Report: 8 July 2005

*This report outlines the key discussions and actions of the GB TCMF meeting. All presentations, agendas, meeting notes and future meeting dates are available at the TCMF web page of the National Grid Industry Information website at: [http://www.nationalgridinfo.co.uk/charging/mn\\_tcmf.html](http://www.nationalgridinfo.co.uk/charging/mn_tcmf.html)*

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#### ATTENDEES

Richard Court	National Grid Transco (Chair)	Rekha Patel	Conoco Philips
Jan Gascoigne	National Grid Transco (Secretary)	Bob Brown	Cornwall Consulting
Stuart Easterbrook	National Grid Transco	Paul Jones	E.On UK
Patrick Hynes	National Grid Transco	Jonathan Purdy	EdF Energy
Kevin Lee	National Grid Transco ICB	Stephen Moore	EdF Energy
Malcolm Taylor	Association of Electricity Producers	Steve Drummond	EdF Trading
Mark Copley	Ofgem	Rupert Judson	EdF Energy
Gayle Cairns	British Energy	Simon Lord	First Hydro
Richard Ford	British Wind Energy Association	Mike Wilks	KEMA
Andrew Neves	Central Networks East	Shona Watt	Npower
John Hill	Central Networks East	Frank Prashad	RWE Npower
Pat Wormald	CE Electric UK	Mike Harrison	Scottish Power UK Division
Sarah Owen	Centrica	Jim McCulloch	SP Power Systems
Stefan Leedham	Chemical Industries Association	Phillip Jeffrey	Humber Power
David Lane	ClearEnergy		

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#### 1 Actions from previous meeting

**Action: Meeting agreed the Actions and these will be placed on the website.**

**Action: NGC to publish ERGEG guidelines on Transmission Tarification and Congestion Management schemes** – These have been circulated.

Richard Court introduced Jan Gascoigne as the new Secretary to TCMF and advised that Patrick Hynes was replacing Richard Lavender from National Grid.

#### 2 GB Charging Conditions

##### ❖ Conditions on Methodology Approval

Stuart Easterbrook presented an update on the progress of the GB charging conditions

- **Condition 1- Negative Demand Questionnaire responses**

Stuart summarised the responses received from the questionnaire published on 27 May 2005.

18 responses were received.

11 respondents favoured Option v – Removal of negative demand charges by altering the G:D split.

2 respondents supported Option i – Negative demand charges with existing charging basis.

3 respondents supported the existing methodology of collaring demand tariffs.

1 respondent supported either of Options i-iv.

**Action: Presentation to be placed on National Grid website.**

There were no comments from the meeting. National Grid is considering the responses and a consultation paper is to be issued at the end of July.

- **Condition 2 – Incremental Cost of Capacity**

Stuart Easterbrook advised that it was proving difficult to schedule the proposed workshop on Condition 2 and that if a July date could not be confirmed by the end of next week, then it would be necessary to arrange the session after the summer holiday period in September.

**Action: National Grid to confirm date of workshop**

- **Condition 3 & 4 – Intermittent Generation and Long Term Charging Arrangements**

Questionnaires were published in June with the closing date for responses on 15 July.

### **3 Charging Issues Standing Group (CISG)**

The CISG convened at NGT House on 20 June and was attended by 12 industry members. National Grid noted that four issues were discussed at the meeting which included Seculf, ITC Scheme impacts on TNUoS, Non-Half Hourly – Half Hourly Demand Switching, and Questionnaires for Approval Conditions 1, 3, and 4.

With regard to Seculf, National Grid took actions on the contingency list used in Seculf and to confirm how Seculf considers contingencies that disconnect demand. At the next meeting the group would consider the options for changing interconnector charging as a result of joining the EU ITC Scheme. National Grid agreed to re-issue information on the correlation between intact and secure costs used to produce the security factory.

The next CISG Meeting is to be held at NGT House on 9 September 2005 and TCMF agreed that the issues for discussion will be the negative demand charges consultation; the next steps for Conditions 3 and 4; Seculf; ITC impacts on Interconnector charges; NHH –HH demand sub-group.

Following a request, National Grid confirmed that BSUoS charges for interconnectors could also be discussed at the next CISG meeting.

### **4 Current Charging Issues**

- ❖ **One Off Charges**

Stuart Easterbrook noted that the publication of the charging consultation on one-off charges for operational intertrips was imminent and that there would be a four-week response period.

- ❖ **CAP092 – Consistent Generation UoS Charge Liability provisions for Transmission Access products**

Paul Jones talked through this Amendment that relates to CUSC para 3.9.2 and which proposes to cap the liability for STTEC and TNUoS. Paul confirmed that there was a CUSC Working Group on Monday 11 July chaired by Malcolm Taylor, who invited any interested parties to the Working Group.

- ❖ **CAP093 – Enabling the Flow of Electricity from Distribution Systems Into the Transmission System at Grid Supply points**

Andrew Neves gave a presentation relating to this Amendment which sought to clarify the ability for DNOs to export onto the transmission system. The Amendment is proposed on the basis that it will better facilitate competition in generation by removing a potential barrier to market entry by embedded generation; allow DNOs to fulfil their obligation to connect generation; better facilitate achievement of Government targets for “green” generation; better align the CUSC definition of Grid Supply Points with that in the BSC and MRA.

National Grid noted the potential implications of the proposals, including concerns over ensuring all rights to export onto the transmission system were non-discriminatory and the need to consider how the ability/right for a GSP to export could affect the charging methodology. It was agreed that the charging implications should be discussed before any charging consultation was issued. Stuart

would liaise with the chair of the working group on the timing of any Charging Meeting, with early August being the target.

❖ **CAP094 – Limited Duration TEC**

Simon Lord gave a presentation on this Amendment. This Amendment seeks firm access to the System for the balance of the current financial year; that it is assessed on an Operational basis, but that it is not an enduring right beyond the end of the current financial year.

It is felt that the Amendment is required because:

- the GB Queue has applications still to be processed so it is unlikely that any new TEC application that is “interactive” can be dealt with before April '06;
- current spare capacity therefore cannot be allocated on a TEC basis for this winter;
- over time current “spare” capacity could be allocated to new generation connecting several years ahead. In the intervening years this capacity will not be available on a TEC basis for others to use. This may lead to stranded capacity;
- generation may be decommissioning and not require future rights. The generator could purchase LDTEC as opposed to TEC and thus release transmission rights for other generation to use in future years;
- generation may want to connect to the system early but the time taken for a full planning assessment may be prohibitive.

The group discussed the interaction with the TEC arrangements, how the proposals might impact on the GB/Scottish access process, and the importance of the charge for the new product.

If CAP094 were approved, an associated charging modification would need to be raised. Timetables for the CUSC and Charging changes would therefore need to be aligned. It was agreed that a separate meeting should be arranged to discuss the charging implications and that this should be combined with the discussion relating to CAP093, ideally in early August.

**Action: National Grid to confirm date for CAP093/094 Charging Meeting.**

## 5 European Charging Issues

National Grid reported that draft guidelines had not been published but that they were expected for the next meeting of the Florence Forum on 1 September. Consultants had been commissioned to assist in the development of the guidelines, and they were looking at a number of different cost allocation models, which had the potential to result in significant variances in the cost claims for participating countries. Following the Florence Forum, the Commission would have to ratify the guidelines but there are clearly still issues to be solved before that situation is reached.

Concern was expressed on the effects to the Moyle Interconnector, although it was felt that there was unlikely to be any impact on any specific bilateral agreements. The draft guidelines should be available to discussion at the CISG meeting on 9 September.

## 6 Events before Next Meeting

- ❖ Conditions 3 and 4 questionnaires closing 15 July 2005.
- ❖ CISG meeting on 9 September.
- ❖ Charging Meeting on xxx August 2005.
- ❖ **NO** TCMF on 18 August 2005
- ❖ Two-monthly TCMF Meetings to commence 29 September 2005.

## 7 Any Other Business

None.

❖ **Date of Next Meeting**

- ❖ 29 September 2005.

**End of Report**