

Developmental GB Transmission Charging Methodologies Forum (GB TCMF) Draft Terms of Reference

Purpose of this Paper

This paper sets out the proposed Terms of Reference for National Grid's Developmental GB Transmission Charging Methodologies Forum (TCMF) in light of the proposed implementation of the British Electricity Trading and Transmission Arrangements (BETTA) from 1 April 2005. It states the rationale for such a forum, its proposed membership, meeting frequency, scope of issues covered, appointment of the Chair and Technical Secretary and publication of papers and minutes.

Introduction

The TCMF was established for England and Wales following the introduction of the Connection and Use of System Code (CUSC) and the associated Charging Statements in September 2001. The relevant Transmission Licence Conditions require National Grid to keep the charging methodologies published in the Charging Statements under constant review and to propose modifications to them if such modifications can be shown to better meet a set of Relevant Objectives set out within the Licence.

The TCMF was created to provide a forum where Users' views could be represented and discussed. In addition, it offers an opportunity for National Grid to provide information on and debate with Users its ongoing review of the Methodologies as well as other current charging issues.

In light of the introduction of legislation designed to implement BETTA by 1 April 2005, National Grid believes it is appropriate to amend the format of the current TCMF to incorporate issues pertaining to GB. Until BETTA is implemented, issues pertaining to both England and Wales and GB will need to be discussed and National Grid therefore proposes to extend the existing TCMF to cover all such issues. Once BETTA is implemented, a formal GB TCMF can be established and until such time, National Grid shall refer to the forum as the Developmental GB TCMF.

Meeting Frequency and Location

The Developmental GB TCMF will generally be held every six weeks in either the Coventry area or in Scotland, depending on attendance (to be discussed at the first meeting).

Membership

The following membership is proposed for the Developmental GB TCMF:

- ❖ Existing CUSC parties and all prospective GB CUSC parties, limited to one representative for each party
- ❖ A representative from Ofgem
- ❖ Representatives of end electricity consumers (for example, energywatch, the MEUC)
- ❖ CUSC Panel members and their alternates
- ❖ Scottish Transmission Owners, limited to one representative per TO

- ❖ A lead representative nominated by National Grid who will be supported at TCMF by a number of nominated National Grid experts as appropriate to the agenda.

This structure aims to allow the logistics to be manageable and should ensure that an efficient discussion forum results. The Chairman and National Grid reserve the right to prioritise membership of the Developmental GB TCMF in the event of oversubscription of any meeting.

If the Chairman and National Grid believe a particular issue warrants discussion in a larger forum (i.e. with more than one representative from each CUSC Party), there will be the opportunity for a seminar type session to be organised.

National Grid will constantly review the terms of reference to ensure an effective forum is maintained.

Scope

The Developmental GB TCMF's scope will be the development of the charging principles and methods associated with the GB Use of System Charging Methodology (incorporating both Transmission Network Use of System and Balancing Services Use of System Charges) and the GB Connection Charging Methodology. In addition, it will be used as a forum to update Users on ongoing charging issues in England and Wales and developments in Europe.

For the avoidance of doubt, the Developmental GB TCMF will not be concerned with the impact of existing charges on individual Users as there are already well established routes to deal with such issues. Nor will the forum cover specific contractual or market issues relating to the CUSC or the BSC (or the development of their GB equivalents), as these will be dealt with through the relevant governance structures for these codes.

The standing agenda for the Developmental GB TCMF will be as follows:

- ❖ *Minutes of previous meeting*
- ❖ *Development of GB Charging Methodologies*
 - ❖ *The Use of System Charging Methodology*
 - ❖ *The Connection Charging Methodology*
- ❖ *Current Charging Issues in England and Wales*
- ❖ *European Charging Issues*
- ❖ *Any Other Business*

The GB Charging Methodologies item provides the opportunity for National Grid to discuss recent or forthcoming progress to the development of the GB transmission charging methodologies and for industry participants to raise relevant issues for discussion. It is the intention that this forum would provide the means for Users to raise issues they felt worthy of review to be discussed in a wider forum as well as providing the opportunity for Users to provide comment on National Grid proposed modifications.

National Grid will use the current charging issues agenda item to inform Users of forthcoming or recent correspondence or notifications pertaining to the existing charging

methodologies in England and Wales. In addition, customers can raise issues for discussion or general queries regarding the existing methodologies under this section.

Responsibilities and Appointment of the Chair

Given that the Developmental GB TCMF has been created to play a role in efficiently fulfilling National Grid's licence obligations to review its charging methodologies, the Chair will be appointed by National Grid.

The Chair will be responsible for ensuring the smooth running of the Developmental GB TCMF and ensuring the Terms of Reference are observed.

A Deputy Chair will also be appointed by National Grid.

Responsibilities and Appointment of the Technical Secretary

The Technical Secretary will be appointed by National Grid.

The Technical Secretary will be responsible for the preparation and distribution of the draft agenda prior to each meeting, preparing and distributing the draft minutes (and the summary of meeting report) after each meeting and preparing and distributing the final minutes after approval. Papers will be distributed, if possible, one week prior to the meeting to all members.

Use of National Grid's website

The TCMF has a dedicated page on National Grid's Industry Information website, under the Charging area, and can be accessed at the link below.

www.nationalgrid.com/uk/indinfo/charging/mn_tcmf.html

The website is used as the prime vehicle for notifying meetings, publishing a report following each meeting, publishing final approved minutes and storing presentations and papers. This means that all papers and final minutes will be available to an audience wider than TCMF members. Draft minutes will be circulated to attendees by email and minutes will only be published once they are finalised. A report containing a short summary of proceedings will be published on the website after each meeting.

National Grid proposes to continue to use the existing TCMF webpage as the main method of communication for the Developmental GB TCMF.

National Grid has established a new BETTA website as part of the Industry Information microsite, which includes a GB Charging section. This section will be used as the prime vehicle for publishing documents relating to GB charging consultations and drafting of the GB Charging Statements. The BETTA pages are accessible from the Industry Information microsite homepage at the link below:

www.nationalgridinfo.co.uk