

## Transmission Access – Short Term Working Group 1 Draft Terms of Reference under TCMF

### Overview

The Transmission Access Short Term Working Group is established under the Transmission Charging Methodologies Forum to develop proposed changes to the charging methodologies in light of a number of CUSC proposals CAP 161, 162, 163 and 164. The CUSC proposals introduce arrangements for a number of short term products, establishing zonal access products and facilitating physical connection in the absence of wider transmission rights.

### Introduction

At the CUSC Amendments Panel meeting National Grid raised four amendments that are being discussed by CUSC Transmission Access Working Group 1 CAPs 161-164.

CAP161 introduces structured arrangements for the System Operator to release transmission access rights in operational timescales when a user is prepared to pay more than the forecast cost of accommodating the access (the expected constraint cost).

CAP162 removes the restriction on generation from exceeding their access right holding (irrespective of whether it was procured short and long term). This will permit generators to export above the sum of their access rights, but it is proposed that they should be exposed to a cost reflective charge for doing so (the cost of accommodating the overrun).

CAP163 introduces arrangements for generating companies to share transmission access close to real time in a much more dynamic and flexible manner than currently provided for under the CUSC. CAP163 also leads in describing the local and zonal access arrangements common across these amendments. Settlement of overrun on a zonal basis introduces implicit sharing on a zonal company basis.

The associated CUSC working group is also considering CAP164, connect and manage. However, a cornerstone assumption for CAP164 is that the charge will be based on TNUoS. Therefore there are minimal charging implications.

### Meetings

The meeting for this working group will take place alongside the associated CUSC working group. It is envisaged there will be 6 meeting over three months. Any extension beyond three months should be agreed at the TCMF.

National Grid may also establish smaller sub-groups of experts to focus on specific technical areas and carry out specific tasks charged by the working group. National Grid will report developments and progress back to the working group.

### Membership

The working group is made up of members of the associated CUSC working group. For the purposes of ensuring a robust cross section of views and having the appropriate expertise available, the Chair may invite additional experts to working group meetings. Each member may request that an alternate attends any working group meeting on their behalf. The Chair may add or vary members as required. All members undertake to attend as many working

group meetings as possible; informing the Chair in good time to ensure appropriate replacement expertise can be added.

## **Scope**

The working group will investigate changes to the charging methodologies relating to CUSC amendments CAP161 through to 164 and further develop charging modification proposals for discussion at TCMF and consultation by National Grid. Any proposed change should be justified against the applicable objectives in National Grid's Electricity transmission licence condition C5 and C6 and be consistent with the wider objectives of the transmission licence, Act and any other legal requirement (including established European Law).

The working group will report to the TCMF, providing feedback on progress and current issues. The working group should maintain an assumptions and risk register that is made publicly available. The TCMF may request that assumptions are reviewed following discussion at TCMF.

The working group should be mindful of discussion in the other CUSC and charging transmission access working groups. The assumption and issues registers from these working groups should be reviewed at each meeting. The chair will undertake to clarify any cross working group issues directly, in the event this can not be done these will be discussed with TCMF members and reported back to the appropriate working group.

The working group shall produce a charging (pre) consultation report covering the charging issues associated with the CAP161, 162 and 163, and CAP 164 if any. The report will include:

- A cost benefit of each proposed change to the charging methodologies, including the cost of carbon implications
- The impact on computing systems, central and user
- Transition and implementation issues, including timescales
- Impacts on other core industry documents and industry documents
- An assessment against 'the relevant objectives'
- Impact on stakeholders, including indicative tariffs under a range of scenarios
- Interaction, consistency and appropriateness of long-term and short term pricing signals
- Interaction on BSUoS and TNUoS revenue flows

In order to be efficient the report may directly reference the CUSC amendments material.

In the case of CAP 161 the working group should specifically consider and report on the following issues:

- The need for a published methodology or principle statement
- The need for and merits of an application fee

In the case of CAP 162 the working group should specifically consider and report on the following issues:

- Development of a cost reflective charging methodology
- Consider a range of models, including basic cost recovery and marginal pricing
- Consideration of BM / BSC interaction, specifically cashout developments
- Consideration of future central system changes
- Robustness to future regime changes
- Accuracy and incentive provided by zonal charging for overrun

In the case of CAP 163 the working group should be mindful of the developments in the Charging access working group 3 in the zonal access right charging, local definitions and charging arrangements and commoditisation of the residual and consider how these may impact on the above issues.

### **Responsibilities and Appointment of the Chair**

The Chair of the working group will be appointed by National Grid and will be responsible for ensuring the smooth running of the Group. The Chair will also be responsible in ensuring the Terms of Reference are observed.

In the event the regular Chair is not able to attend the working group will agree an alternative chair for that meeting. An alternative chair may be agreed in advance.

### **Use of National Grid's website**

All information presented to the meeting, draft and final minutes and papers will be published on National Grid's industry information web site.

These Term of Reference will be agreed by the TCMF and any amendments should also be agreed at the TCMF