

Transmission Charging Methodologies Forum

Meeting Report: 26th May 2009

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.nationalgrid.com/uk/Electricity/Charges/TCMF>

ATTENDEES

| | | | |
|----------------|-----------------------|-----------------|----------------------|
| Chris Bennett | National Grid (Chair) | Anthony Mungall | Ofgem |
| Hêdd Roberts | National Grid | Rekha Patel | Water Wye Associates |
| Nigel Fox | National Grid | Paul Jones | E.ON UK |
| Craig Maloney | National Grid | Michael Dodd | ESBI |
| Iain Pielage | National Grid | Mark Fitch | KEMA |
| Rob Smith | National Grid | Rachel Fowler | RWE npower |
| Dave Smith | National Grid | Frank Prashad | RWE npower |
| Louise Schmitz | British Energy | James Anderson | Scottish Power |
| Andrew Rimmer | International Power | Helen Snodin | Xero Energy |
| | | Peter Waghorn | Cornwall Consulting |

1 Minutes and actions from previous meeting

The Minutes and Actions were agreed, these are available on the National Grid charging website at <http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>.

All presentations can be viewed on the National Grid website:

<http://www.nationalgrid.com/uk/Electricity/Charges/TCMF/>

2 A new approach – proposal by Scottish Government

National Grid provided a brief summary of the proposal and the responses to the pre-consultation. National Grid then described the consultation which requests analysis in support of the proposal. The presentation is available on the National Grid website.

<http://www.nationalgrid.com/NR/rdonlyres/109163F2-08CA-4520-9736-4CB7BFAA5A7E/34824/GBECM17.pdf>

It was queried whether, if analysis demonstrates that TNUoS charges are volatile, this would necessitate a change. CM stated that the proposal would be assessed against the relevant charging objectives, but that volatility would be likely to hinder competition.

3 TAR modifications – a comparison

National Grid presented a summary of the pricing analysis that has been completed for the various options of access reform being considered by the industry. The presentation is available on the National Grid website.

http://www.nationalgrid.com/NR/rdonlyres/C524A352-8E4B-4377-B2C0-3803C5C0E497/34820/AccessChargingComparison_TCMF.pdf

It was queried whether this applied to all users or only Generation on the export side. National Grid indicated that the focus of the analysis was based on generation on the exporting side but this could be extended to included all generation and demand. A member pointed out that with 'correct' targeting price for generation in E+W would be less.

There was some discussion at to how the models differentiated, National Grid indicated that under model four all volume demand were satisfied and the price was calculated for this volume was based on additional information and therefore is different to both models 2 and 3, in National Grid's view producing a more cost reflective solution. Some members continued to query the differences in the model.

4 C&M alternative charging approach

E.ON UK presented views arising from wider industry discussions on the charging options associated with the CAP164 Working Group Alternative Amendment. The presentation is available on the National Grid website.

<http://www.nationalgrid.com/NR/rdonlyres/FFB62AE8-CE58-4513-BBDB-B2CE9B5F8A1F/34821/CMAAlternativeChargingApproach.pdf>

There was some discussion around the restrictions placed on the charging solution for the CAP164 alternative amendment by the CUSC legal text (e.g. £/MWh based charge).

The proportion of costs that were targeted at new users was also discussed. Many members believed that this was a policy decision.

5 Interaction between TAR short-term amendments and locational BSUoS

National Grid presented a summary of the issues associated with the interaction between the short-term proposals considered as part of the TAR industry process and the locational BSUoS charging proposal. The presentation is available on the National Grid website.

http://www.nationalgrid.com/NR/rdonlyres/370B805B-784F-4B78-B084-F793250D0CC1/34825/ShorttremTCMF22_05_09.pdf

6 Any other business

None

Dates of future meetings to be held at National Grid House, Warwick:

Wednesday 30th September, 2009

Thursday 26th November, 2009