

GB Transmission Charging Methodologies Forum

Draft Meeting Report: 24 October 2006

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	Chairman	Bob Brown	Cornwall Energy
Jan Gascoigne	National Grid (Secretary)	Steve Drummond	EdF Trading
Hedd Roberts	National Grid	Oliver Day	EdF Energy Networks
Adam Brown	NG Charging & Access	David Scott	EdF Energy
Patrick Hynes	NG Charging & Access	Paul Jones	EON
Tom Ireland	NG Charging & Access	Leigh Brown	Gaz de France
Nigel Fox	NG Charging & Revenue	Mike Wilks	KEMA
Paul Murphy	NG Charging & Revenue	Michael Dodd	Ofgem
Malcolm Taylor	AEP	Dafydd Elis	Poyry Energy Consulting
Robert Longden	Airtricity – by 'phone	Richard Ford	RES Limited
Pat Wormald	CE-Electric UK	Frank Prashad	RWEpower
Merel van der Neut Kolschoten	Centrica	Andy Manning	RWEpower
Kirsten Elliott-Smith	ConocoPhillips UK	James Anderson	SP Commercial & Regulation
		Aileen Macleod	SSE

1 Actions from previous meeting

Action: The meeting agreed the Minutes and Actions and these will be placed on the website at <http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>.

2 **GB Charging Conditions**

- **Condition 5 Long-Term Tariffs**

National Grid gave a presentation summarising the 2006 Condition 5 report. There was a debate regarding the timing of the report. One industry attendee suggested that the report could be published following each of the quarterly SYS updates. National Grid stated that this would be difficult due to the amount of analysis required to produce a meaningful report.

One industry attendee thanked National Grid for providing, on request, additional generation mapping data that allowed further sensitivity studies to be performed and suggested that this be published for all.

Action: National Grid to investigate the publication of the generation mapping data. [Post-meeting note: National Grid will publish the generation mapping data in future Seven Year Statements]

One industry attendee questioned whether the information on the planned reinforcements associated with generation developments could be published, to allow the impact of changes to the connection date of these generators to be fully understood. National Grid stated that this would be difficult given that the reinforcements would be different for each combination of generation, and therefore a complex matrix of reinforcements would be required.

Action: National Grid to further investigate the publication of additional reinforcement data.

3 Current Charging Issues

- **Charging Arrangements for Design Variations: pre-consultation**

National Grid informed the meeting of the latest position on the arrangements for design variations

One industry attendee questioned whether the difference between the substation discounts provided for different connection voltage levels was indicative of the cost difference. Another industry attendee concluded that the difference must be indicative of the cost difference and that it appeared to be significant enough to justify inclusion in the locational element of the Use of System charge.

Action: National Grid to perform indicative analysis of the substation cost difference and report back to a future TCMF meeting.

One industry attendee questioned whether substation discounts for 275kV and 66kV connections were required.

Action: National Grid to investigate substation discounts for 275kV and 66kV connections.

One industry attendee asked if there was any reason why the particular single and double circuit connection designs were chosen. National Grid explained that typical designs that would meet the requirements of the GB SQSS had been chosen. National Grid also explained that the minimum number of designs had been used in order to achieve the appropriate balance between transparency of the methodology and cost reflectivity.

Another industry attendee stated that the locational discount was based on the difference between a double circuit (security factor of 2) and a single circuit (security factor of 1) whereas the charge for a double circuit was based on the GB average of the locational security factor (1.8). National Grid stated that this was deliberate to ensure that the discount was cost reflective.

One industry attendee stated that following a generator's decision to go for a single circuit connection, the generator should continue to receive a discount even if the connection design was changed to a double circuit in order to accommodate other users in the future. This attendee did not believe that this would constitute undue discrimination. Another industry attendee disagreed with this position, stating that it was fundamental that two generators connected at the same point, with the same level of security should pay the same charge.

Attendees were reminded that the closing date for responses to the Consultation was 3 November.

- **Charging Arrangements for Offshore Connections**

National Grid presented a summary of the latest discussions regarding offshore charging arrangements, covering cable expansion factors and the treatment of AC / DC converter costs. National Grid stated that there had been difficulties in obtaining data given the lack of undersea cables connected to the GB transmission system. One industry attendee suggested contacting cable manufacturers, taking their information and using weighting factors. The attendee also asked if ETSO had any relevant data. National Grid stated that OTEG were currently investigating all relevant options to gain the required data.

- **Generation Zoning Criteria**

National Grid explained the current zoning criteria and went on to cover the items contained in the recent consultation and summarise the responses. National Grid concluded that the current zoning criteria strike the appropriate balance between cost reflectivity and stability, although recognise that it may be appropriate to make some limited changes. National Grid intends to consult on changes that may contribute to tariff stability in 2007.

There was a short discussion on the value of tariff stability. The meeting concluded that further analysis was required to contrast the impact in terms of tariff stability of fewer zones (with a higher tariff step-change between them) and more zones (with a smaller tariff step-change between them).

Action: National Grid to investigate the value of tariff stability and present the analysis in the zoning consultation in 2007.

- **Third Party Works**

National Grid provided a definition of third party works and went on to explain the historic process prior to the introduction of 'clustering' and summarised recent issues and possible options.

One industry attendee believed that the concept appeared out of date and in need of reform. Another industry attendee believed National Grid should be looking for a 'package' for new connections.

Action: This issue to be included on CISG agenda for future meetings. [Post-meeting note: A meeting has been arranged for 5 December at 13.30 in National Grid House.]

- **Additional Credit Tools and Independent Assessment**

National Grid presented the current guidelines for credit tools and independent assessment.

4 Events before Next Meeting

The next Charging Issues Standing Group Meeting is on 14 November 2006 – cancelled.

5 Any Other Business

- **Manifest Errors**

National Grid stated that the proposed charging modification had not been vetoed by Ofgem and thanked those that had responded to the consultations and contributed to discussions at CISG and TCMF.

- **Date of Next Meeting:** 13 December 2006 at 10.00 in National Grid House, Warwick.

End of Report