

Charging Issues Standing Group

Actions & Issues from the Wednesday 27th September 2006 Meeting

Actions from the Wednesday 31st May 2006 CISG Meeting

1. **There were no actions from the previous CISG meeting.**

There were no comments on the Summary Report produced. This is available on the National Grid charging website.

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

CISG Meeting on Wednesday 27th September 2006

2. **GB Charging Conditions**

National Grid provided an update on the following GB charging conditions:

Condition 2 and Condition 4

National Grid has published and invited comments on the proposed draft text changes to the Statement of the Use of System Charging Methodology in response to Charging Conditions 2 and 4. The closing date for comments was Friday 29 September 2006. National Grid received a minor comment regarding the Condition 2 text, which will be addressed in the final report.

Condition 5

National Grid noted that the 2006 Condition 5 Information Paper was published in September 2006. Both the paper and the data used in the DCLF Transport Model to calculate forecast locational tariffs can be found on the National Grid website.
<http://www.nationalgrid.com/uk/Electricity/Charges/gbchargingapprovalconditions/5/>

It was noted by an industry attendant that the report and publication of the data used in the report provides an indication of how the future path of locational tariffs might evolve under the generation, supply and transmission network backgrounds provided in the GB SYS, but also enables a User to undertake their own sensitivity studies. This was welcomed.

Condition 6

National Grid published a draft conclusions report for industry comment on 11th September, 2006. Views are invited by 9th October, 2006. The draft conclusions report can be viewed on the National Grid charging website.
<http://www.nationalgrid.com/uk/Electricity/Charges/gbchargingapprovalconditions/6/>

In summary, the conclusions report recommends that the current charging arrangements for site specific maintenance are appropriate as they are broadly cost reflective and there is no evidence to suggest that a marginal increase in cost reflectivity would better facilitate competition. National Grid will therefore not be proposing any change to the existing connection charging methodology, but will keep the existing methodology under review in accordance with transmission licence obligations.

3. 2007/8 TNUoS Generation Charging Zones

In September 2006, National Grid published a consultation regarding the application of the TNUoS generation zoning criteria for 2007/8 which represents the first charging year of the new price control period, and invited views from the industry by Friday 13th October.

National Grid presented the current zoning criteria and invited discussion amongst the industry attendees regarding how the existing zoning criteria might be applied in 2007/8 in order to best meet the relevant licence obligations. Both the consultation and the presentation can be found on the National Grid charging website.

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

The main focus of the discussion concentrated on the balance between producing zones which are cost-reflective and zones which facilitate competition through providing stability, and the degree to which both can be achieved. It was noted that one extreme of generating nodal charges would be considered as the most cost reflective, whilst a single generation zone throughout GB (i.e. a non-locational charge) would be most stable, but that a balance between the two should be achieved.

In considering whether generation zones for 2007/8 should be determined using current year data, or whether more forward-looking generation zones could be determined using data contained in the Condition 5 information paper, it was recognised that again, there was a balance to be struck. It was noted that the Condition 5 information paper was prepared using GB SYS data which, for the timings in the commissioning of generation in particular, could be considered somewhat uncertain, particularly in the latter years of the analysis. It was also noted that where generation zones not to be determined on a forward-looking basis, it is likely that generation zones could be subject to minor change on an annual basis.

No conclusions were drawn from the discussions, although this was a useful discussion to have prior to the deadline for written responses to the consultation on 13th October. It was also noted however, that National Grid might give consideration to adding some further explanation to the existing methodology by defining those 'exceptional circumstances' under which it might be appropriate to modify TNUoS generation charging zones.

4. Manifest Errors – update

National Grid provided an update on the consultation regarding the event of manifest errors in the calculation of TNUoS tariffs. National Grid noted that six responses to the consultation had been received, all of which were in favour of proposals to develop a mechanism to facilitate reconciliation and broadly in agreement with the specifics of the proposals.

A conclusions report to the authority was published on Friday 22 September and can be found on the National Grid charging website.

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

5. Charging Arrangements for SQSS Design Variations - Update

National Grid provided an update on the consultation regarding the charging arrangements for SQSS design variation. National Grid noted that 10 responses to the pre-consultation had been received. Both the pre-consultation and the responses have been published on the National Grid charging website.

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

It is anticipated that a formal consultation will be published in November 2006.

6. Treatment of Offshore Generation Connections

National Grid presented how the calculation of expansion factors for marine cables would be undertaken, and the impact that design variations would have on a User's tariff. The presentation can be found on the National Grid charging website.

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

One attendee noted that it would be appropriate for the costs of a HVDC converter station to be included within the cost of a circuit and the subsequent calculation of an expansion factor.

7. AOB

Inter-TSO Compensation Scheme

National Grid noted that it is now procedurally impossible for the ITC scheme to be implemented on 1 January 2007. There will be a voluntary scheme in place by this time, which National Grid does not anticipate GB to be party to.

Income Adjusting Event

One attendee questioned how the recent Income Adjusting Event conclusion would impact on charges. National Grid noted that an update would be provided at the next CISG meeting.

Third-Party Works

National Grid made a presentation regarding some of the current issues with third-party works in order to stimulate thoughts on the issue prior to discussion at the TCMF in October 2006. The presentation can be found on the National Grid charging website. <http://www.nationalgrid.com/uk/Electricity/Charges/cisg/meeting/>

Date of next meeting: Tuesday 14th November at National Grid House, Warwick.