

CAP131 Working Group

Meeting Name	CAP131 Working Group
Meeting No.	9
Date of Meeting	12 th January 2007
Time	10:00am – 1:00pm
Venue	Conference Room 5, National Grid House, Warwick

This note outlines the key action points from the most recent meeting of the CAP131 Working Group.

1. Introductions/Apologies for Absence

227. Apologies for absence were received from Karron Baker (Ofgem), Mike Kay (United Utilities), Angela Quinn (National Grid), David Ward (Magnox) and Charles Ruffel (RWE – observer).

2. CAP131 Working Group Report

228. The Working Group reviewed the latest draft version of CAP131 Working Group Report which incorporated comments received from members regarding the content and structure of the report. The report will continue to be developed, with the associated legal text currently being devised by National Grid's legal department. All members of the Working Group are to review the report, providing any comments to the Working Group Chairman (HR).

Action: All

3. Decremental TEC

229. National Grid provided a presentation on the applicability of CAP131 when applied to Decremental TEC. The associated presentation slides will be circulated to Working Group members for reference.

Action: LM

230. The Working Group discussed CAP131 terminology and specifically the meaning of "new, existing, incremental and decremental". It was acknowledged that the usage of 'new' and 'existing' may have connotations with other CUSC processes. One working group member suggested that the point at which TEC changes occur should be called 'Incremental TEC Effective Date' (ITED) and 'Decremental TEC Effective Date' (DTEC).

231. The Working Group queried whether Users would have more incentive to provide National Grid with longer term notification of TEC reduction, if they received a rebate (fixed or sliding scale of liability) rather than a liability payment for providing the information within a sufficient notice period.

232. The Working Group queried whether the notice period required for TEC reductions should equal the average length of time for TEC increases but it was explained that that the intention was that the TEC reduction notification period should be a balance between providing useful information to National Grid and not unduly reducing Generator flexibility.

233. It was acknowledged by the Working Group that the provisions for Decremental TEC would become an added factor for Users to consider when reducing their TEC and may become a 'sunk cost' associated with plant closures.

234. The Working Group noted that provisions for Decremental TEC may result in Users hoarding spare TEC capacity in order to avoid the 2 year notice payment.

235. The Working Group noted that the 2 year notice period would not apply to TEC

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Trades. The Working Group acknowledged that the current CAP068 arrangements may undermine the Decremental TEC applications since a Generator would be able to trade away any liability before giving notice of a reduction in TEC.

236. The working group questioned whether a generator would be able to disconnect from the transmission system until all liabilities are paid (potentially two years after notice of closure).

Action: NP

237. National Grid to confirm whether the implementation of CAP131 would necessitate a formal change to the Charging Methodologies.

Action: NP

238. National Grid to confirm where the liabilities associated to CAP131 would be set out.

Action: NP

4. Future Capacity Booking

239. National Grid provided a presentation on future capacity booking. The associated presentation slides will be circulated to Working Group members for reference.

Action: LM

240. National Grid confirmed that CAP131 provisions would only apply to Incremental TEC applications where there was associated works on the Transmission System. This was noted as a change from the original amendment proposal.

5. Cost Reflectivity Update

241. National Grid provided an update on the Cost Reflectivity analysis and provided information on the usage of Large TNUoS zones as a proxy. The results showed that the use of the new Generation TNUoS tariffs did not materially alter the results and that applying large TNUoS zones was not more cost reflective than using Generation TNUoS tariffs.

242. National Grid agreed to provide additional information where possible upon request.

Action: NP

6. Next Meeting

243. The next Working Group meeting will be held on Monday, 22nd January 2007 at National Grid offices in Warwick. The meeting will commence at 10:30am.

244. Future meetings of CAP131 Working Group have been confirmed as follows:

- Monday, 5th February 2007 (National Grid offices in Northampton)
- Monday, 12th February 2007 (National Grid offices in Northampton)

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Appendix 1 – Working Group Attendance

Members Present:

Hedd Roberts	HR	Chairman
Lilian Macleod	LM	Secretary
Nick Pittarello	NP	National Grid
Bob Brown	RB	Cornwall Energy Associates
Mike Davies	MD	Wind Energy
Steven Eyre	SE	British Energy
Richard Ford	RF	RES Ltd
Garth Graham	GG	Scottish and Southern
Paul Jones	PJ	E.ON
Simon Lord	SL	International Power
Bill Reed	BR	RWE
David Scott	DS	EDF Energy
Malcolm Taylor	MT	AEP

In Attendance:

Richard Miller	RM	Ofgem
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Apologies:

Karron Baker	KB	Ofgem
Mike Kay	MK	United Utilities
Angela Quinn	AQ	National Grid
Charles Ruffel	CR	RWE Npower
David Ward	DW	Magnox
Dave Wilkerson	DW	Centrica