

## GB Transmission Charging Methodologies Forum

### Draft Meeting Report: 21 June 2007

*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>*

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#### ATTENDEES

Hêdd Roberts Jan Gascoigne	Chairman National Grid (Secretary)	Clive Woodland Steve Drummond	Centrica Cornwall Energy Consultants
Nigel Fox	National Grid Charging & Revenue	David Scott – by telephone	EdF Energy
Patrick Hynes	National Grid Charging & Access	Ben Sheehy	EON
Tom Ireland	National Grid Charging & Access	Mike Wilks	KEMA
Craig Maloney	National Grid Charging & Access	Michael Dodd	Ofgem
Robert Longden Pat Wormald Nick Pittarello	Airtricity CE-Electric UK National Grid Charging & Access	Frank Prashad Malcolm Burns	RWEnpower SSE

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#### 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 **Current Charging Issues**

##### • **CAP143 Interim TEC**

Craig Maloney commented that the deadline for responses to the CAP143 Consultation document of Friday 8<sup>th</sup> June 2007 has now passed. 12 responses have been received, with two Consultation Alternative Amendments proposed. National Grid is in the process of drafting a Consultation Alternative Amendment Consultation. It is anticipated that this will be published in early July 2007, with a consultation period of two weeks.

It was noted that the issue of charging for ITEC was discussed at length at the previous CISG. In summary, it was decided that it would be appropriate to charge for ITEC as TEC (therefore including ITEC in the DCLF Transport & Tariff Model), so as not to undermine the existing TEC product.

##### • **Design Variation Charging Arrangements**

Tom Ireland outlined the way forward. The Agreement of Principles details were: TNUoS discount must be consistent with Charging Methodology; true costs must be reflected – TNUoS paid on capacity requested is fundamental (rather than installed capacity). Michael Dodd confirmed that this was agreed years ago with all parties and that this situation will not change.

It was agreed that more analysis is required where there are shared users connected to a sub transmission substation. Mike Wilks pointed out that the slides shown were based on cost of capacity signals and not on cost recovery. Hêdd Roberts stated that not all 132kV circuits that had been identified as due to be uprated will occur. Mike Wilks stated there should be clearly defined process for TO to nominate a circuit as 'due to be uprated' that was consistent with TPCR allowances/ assumptions.

Michael Dodd asked if the discount applies to Offshore. Tom Ireland confirmed that it should be possible for the discount to be applied Offshore but this depending upon the Offshore Charging Methodology, yet to be agreed.

**Action:** Presentation will be placed on the website at:  
<http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>

### **Offshore Charging Pre-consultation**

Tom Ireland confirmed that a Pre-consultation option paper is intended to be published week ending 29<sup>th</sup> June seeking views on specific issues. A formal consultation document will follow later. Tom welcomed comments prior to the issue of the pre-consultation.

The specific issues to be addressed are expansion factors; charging write-off periods / asset life; HVDC; Offshore platform / substation residuals; connection of high value offshore spurs.

Tom explained how the onshore Expansion Factors were calculated with historic capital cost data, which may not be possible for offshore.

Tom confirmed that 132kV Offshore connections will be charged under a regulated Charging Methodology. He confirmed that all undersea cables will be buried and offshore cables may have a far shorter life than those land-based. Malcolm Burns asked if the weighted average between buried and seabed laid cables would be used for Expansion Factor calculations.

Tom said that for HVDC there is a break-even function of cable length and capacity, when it becomes the cost effective transmission medium. This is not expected to be reached with the Round one or two Offshore connections. HVDC could be treated the same as AC but there was the question of converter station costs (around £333/kW). National Grid believes this should be factored into the Expansion Factor.

With regard to substation and platform assets, Clive Woodland stated that connection assets could be based on capacity installed and not that requested, the contrary approach to onshore.

Robert Longden stated that with regard to connection of high asset value offshore spurs, most costs could be picked up through TNUoS charges but that the vast majority of additional revenue will be recovered from the offshore generator.

David Scott said that onshore and offshore charges and *sharing* factors could be included in the Pre-consultation documents and responses to the Ofgem July policy document.

**Action:** Presentation will be placed on the website at  
<http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>

### **CAP146 – Third Party Works**

National Grid outlined its intention to target Third Party Works/ Modification Affected User Works in user specific connection charges as one-off costs and treat as an excluded service in the event Ofgem approved CAP146. This approach would retain an efficiency test for investment and maintain consistency with the licence.

**ITC Update**

Patrick Hynes confirmed a decision on ITC is aimed for January 2008. ETSO put forward a new scheme which was not agreed by the 27 TSOs. National Grid is not in the scheme and so that no opinions.

**3 Events before Next Meeting**

The next Charging Issues Standing Group Meeting is on 17 July 2007.

**4 Any Other Business**

- **Date of Next Meeting:** 14 August 2007 at 10.00 in National Grid House, Warwick.

**End of Report**