Questions/comments raised by the TASG attendees on 6 December in response to the National Grid Presentation on Transmission Access

Principles

1. How far does the line of thought in the presentation reflect agreed internal Ofgem policy?
2. How does this model help to facilitate competition in supply and new-entrant suppliers?
3. Will investment signals be given through the allocation/trading of short or long-term rights?
4. Demand requirements are quite different between electricity and gas? End customers perceive availability of electricity as a right, but this is not the case for gas. How will the model deal with these differences?
5. What are the Strategic objectives of the model?
6. What is the overall aim and goal of this model?
7. Will cost benefit analysis be applied in the model in line with the Better Regulation Task Force report and Cabinet office ground rules? If not why not?
8. Cost/benefit analysis will be necessary in order to know that the model will introduce robust arrangements in the following areas:
    - Registration
    - Settlements
    - Monitoring
    - Secondary trading
    - Forecasting
    - Credit cover
    - Any Gate closure issues
    - Any ex-post trading issues
    - Design build and test requirements (i.e.: Project Plan)
9. What will be the financial impact of these proposals on participants? (Need to sell to my Directors).

More Detailed Model issues

1. The presentation suggests Ofgem favour zonal rather than nodal rights. What issues will be raised by the allocation of rights on this basis and what are the implications for buy-back? To what extent will it solve transmission constraints?
2. How will the demand side be able to flex its requirement in order to take part in the allocation process?
3. Does this model invalidate CAP043?
4. What will be the role of the Interconnector Owner and User in this model bearing in mind that Interconnector links are two-way?
5. How will the Settlement System look under this model?
6. Is this model akin to deep connection? How many boundaries can be crossed with an access right under this model? How deep will incremental costs be?
7. What about issues raised originally under Flowgates (?) (SD - to attach to questions?)
8. How will initial allocations of rights be made under this model? NB: CD answered this to a certain extent - i.e.: MW and based on ICRP).
9. How will the model marry the original zonal boundaries with the TNUoS charge boundaries and with constrained zone boundaries?
10. What will access rights for 20 years bought under this model mean if network reinforcement moves boundaries?

11. If the model allows netting off for generation and demand how will it deal with smuggling over boundaries given that demand to generation boundaries will be different ("access smuggling")?
12. What will be the relationship with the energy market? How will access be matched to reality when you are BOAed?
13. What is the legal view of the situation on current rights to access?

Related Areas/Developments

1. What are the implications for the Security Standards? Will they need to be changed?
2. How consistent is this model with the EC internal market arrangements for electricity due for implementation in 2004? It is understood the transmission charging principles for internal applicability cannot be transaction based.
3. Why are Ofgem introducing this model as part of the SO incentives proposals? Why aren't they being dealt with separately so as to ensure adequate discussion of two important and different issues?
4. It would be disappointing if thinking on SO incentives gets bogged down by lack of agreement on transmission access.
5. An EC Directive requires symmetrical treatment between generation and demand - can Ofgem confirm that risks between generators and demand under this model will be truly symmetrical?
6. How will the access arrangements in the model impact on the methodology and principles for Distribution charges? (Reference Ofgem DUoS doc. Oct 2002 4.35?)
7. How does the model fit with the arrangements for splitting the TO/SO activities?
8. What will be the impact of the model on access arrangements in the gas industry?
9. What will be the relationship with the energy market? Who will be responsible for matching the position when there are excess requirements?

Process and Implementation

1. Change can only come from a CUSC Amendment Proposal. Who will put forward a proposal based on this model and when?
2. Who will eventually decide on the need for incremental capacity under this model? If it is, how will Ofgem demonstrate they have sufficient expertise to decide such matters?
3. How will the process for change and the introduction of transmission access be made consistent with implementation of BETTA, especially referring to the Grid Code and CUSC?
4. When does Ofgem anticipate giving new licence incentives to NGC arising from decisions on the SO incentive proposals? (Answered to a certain extent by RF)