

Transmission Charging Methodologies Forum

Meeting Report: 15th January 2013

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

Patrick Hynes	National Grid (Chair)	Alex Troth	Opus Energy
Adelle McGill	National Grid (Technical Secretary)	Binoy Dharsi	EDF
Andy Wainwright	National Grid	Karl Maryon	Haven Power
Adam Brown	National Grid (part)	Frank Prashad	RWE Npower
Adam Sims	National Grid (part)	Paul Jones	E.On
Iain Pielage	National Grid (part)	Tim Russell	Russell Power
Peter Waghorn	Cornwall Energy Associates	Cem Suleyman	Drax Power
Peter Bolitho	Waters Wye Associates	Hannah Boxall	Total GP
George Douthwaite	Npower (Telephone)	Sarah Owen	Centrica
James Anderson	Scottish Power		

APOLOGIES

Edwin DaCosta	Total GP	Anthony Mungall	Ofgem
Richard Clay	The Crown Estate	Garth Graham	SSE
Guy Nicholson	RenewableUK		

1. Minutes and actions from previous meeting

The Minutes and Actions were circulated; these are available on the National Grid charging website at <http://www.nationalgrid.com/uk/Electricity/Charges/TCMF>.

Action (Outstanding; Completed; New)	Responsibility	Due Date	Comments
Send out invitations to CMP213 seminar	National Grid	Nov 2012	Completed post November 2012 meeting
Update application fees two pager with further clarification on BELLA / BEGA issues	National Grid	Jan 2013	Further work is required on this, including discussion with DNOs. This will be brought back to TCMF in May for discussion.
Consider responding to National Grid's open letter of 31/10/12 on views on progression of enduring arrangements for user commitment for non-generation users	All	Jan 2013	
Send an updated pdf generation zone map for 2013-14 to users.	National Grid	Jan 2013	
Circulate direction from Ofgem to review clause C13 of the Transmission Licence	National Grid	March 2013	
Add 2 hour development slot for embedded charging topic to the March 2013 TCMF	National Grid	March 2013	
Invite Ofgem to present on rationale for reviewing clause C13 of the Licence at March 2013 TCMF	National Grid	March 2013	

To prioritise topics on the potential future modification topics list and email to adelle.mcgill@nationalgrid.com	All	28 th February 2013	
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2. Ongoing Relevant Modification Proposals – Adelle McGill / Andy Wainwright

CMP 201 (Removal of BSUoS from Generators) – Iain Pielage

A revised draft Workgroup report is now with the Workgroup for comment and discussions with Ofgem are on-going. It is anticipated that this will be submitted to the CUSC Panel in February, and if accepted it will then go to a further Code Administrator consultation and Panel vote.

CMP 207: Limit increases to TNUoS tariffs to 20% in any one year – Andrew Wainwright

Post meeting update: CMP207 was raised by Haven Power, seeking to limit annual changes to all individual elements of TNUoS Supplier charges to 20%. As part of this process, four WACMs were raised, proposing percentage limits, and absolute £/kW limits against forecasts made in January and April. On 21st January, Ofgem directed that neither this proposal, nor any of the alternatives should be implemented. The decision letter can be found at <http://www.nationalgrid.com/NR/rdonlyres/1A51EC29-C190-408B-A7EC-32135C1A5653/58556/CMP207D.pdf>

CMP 208: Requirement for National Grid Electricity Transmission to provide and update forecasts of BSUoS - Paul Hurlock

We are currently awaiting a determination on this proposal from Ofgem.

CMP 209/210: Allow suppliers' submitted forecast demand to be export - Adelle McGill

We are currently awaiting a determination on this proposal from Ofgem

CMP 214: Implementation of TNUoS charging parameter updates following a price control review – Andy Wainwright

This proposal was rejected by the Authority, on the basis that it would create windfall gains/losses for generators and suppliers who would have assumed current forecast changes within their pricing structures.

CMP 213: Project TransmiT TNUoS Developments – Ivo Spreeuwenberg

Andy Wainwright presented an outline of the proposal for CMP213. The consultation closed on 15th January 2013. It is anticipated that the final modification report will be sent to the Authority in April 2013.

3. Update on User Commitment for Non-Generation Users – Adam Sims

CMP192 addressed enduring user commitment regimes for generation users (both direct and embedded). However, interconnectors and directly-connected demand users remain on Final Sums, and there is a need to create an enduring regime for these users and a methodology for calculating liability amounts. National Grid published an open letter in October 2012 requesting views on how to progress these arrangements. However, only two responses were received, and further responses from industry would be welcomed.

In-meeting discussion focused around who should bear security liabilities in the case of interconnectors, as they are currently considered as TOs rather than Users. It was also suggested that there was potential learning from gas interconnector arrangements, and that consideration needed to be given to other ongoing European Developments such as the Third Package.

National Grid are looking at the wider issues around the topic, and plan to engage industry colleagues in further discussions, potentially raising an industry expert workgroup later in 2013.

4. Update on 2013/14 TNUoS charges and rezoning consultation – Adam Brown

Draft charges for 2013/14 were published in late December 2012, and are due to be finalised prior to 31st January 2013. Major changes in tariffs have been influenced by the generation background, allowed revenues, expansion costs and re-zoning of generation charging boundaries with an increase to 27 zones. The costs have been based on RIIO final proposals.

It is also anticipated that initial draft tariffs for 2014/15 will be published in February 2013. It was confirmed that these draft tariffs will be based on the current methodology.

It was also confirmed that the narrative that was published alongside previous drafts is valued by customers, and this will be updated accordingly. However, some users were having difficulty with the zonal map provided in the report in terms of visibility. It was agreed an updated pdf version would be sent to users following the meeting.

Under/over recovery amounts for 2012/13 were queried, it was anticipated there may be a modest over-recovery, but as triad season is not yet confirmed, this was still unknown.

6. Proposed Future modification topics

Follow on actions from licence condition C13 change (charging for embedded generation) – Iain Pielage

Previously considered options for change were considered and discussed. Other discussion focused around why National Grid were reviewing licence condition C13, and whether there was sufficient direction from Ofgem/government around this. It was agreed that previous direction would be circulated to TCMF, that a two hour development slot would be put on the next meeting agenda, and that Ofgem would be invited to present on the rationale for the review from their perspective to introduce the issue.

Although it is anticipated that an informal industry working group will be convened to progress this issue later in 2013, the interaction with CMP213 (Project TransmiT TNUoS developments) was noted, both in terms of baseline and resource available to commit to this.

List of potential future topics

A table summarising the current topics on the list of potential future modification topics is provided for reference below, along with current progress.

	Topic	Description
1	G/D split	Consider if changes are required to G/D split in light any changes to tariffication rules and to facilitate better competition across Europe. Being taken forward and was brought to Nov 12 TCMF for discussion.
2	Embedded	Consider changes to charging arrangements to ensure all users who trade at central hub are exposed to the same transmission signals. Developments discussed above.
3	Triad	Review Triad arrangements are still appropriate. Triad provides a strong peak energy signal, through a concentrated transport tariff (locational signal and residual element spread over three peaks).
4	Integrated offshore	Review application of the current charging methodology to an integrated offshore grid. The final report from the informal workgroup is being finalised. It is anticipated that a modification proposal will be raised later this year.
5	Fixed tariffs - BSUoS	Consider fixed tariffs. Feedback from RIIO engagement and TCMF is that stability of tariffs is important, although predictability is possibly more important. On hold until CMP 201 & 208 determined.
6	Fixed tariffs - TNUoS	Consider fixed tariffs. Feedback from RIIO engagement and TCMF is that stability of tariffs is important, although predictability is possibly more important. On hold until CMP 207 determined.
7	Methodology Housekeeping	Non material changes to Section 14 of the CUSC to reflect current governance arrangements. National Grid to review sections that would change once CMP213 determined.
8	8 year Price Control	Under an eight year Price Control should charging parameters and zones be updated during the price control period e.g. after four years? Relating to this should the £1/kW criteria for re-zoning be investigated further?

TCMF attendees were asked to score the relative priorities of these topics during the meeting for National Grid to collate. Other industry colleagues who would like to participate in this prioritisation process, are asked to send back their priority scores for inclusion to **Adelle.mgill@nationalgrid.com** by **28th February 2013**. This priority list will then be circulated and discussed at the March TCMF meeting.

The Chair also confirmed that industry colleagues are always welcome to discuss potential topic ideas with members of the Electricity Charging and Access Development team at National Grid, on an informal 1:1 basis, should they wish to.

7. A.O.B

None

Dates of forthcoming meetings:

Tuesday 12th March @ National Grid House

Tuesday 21st May @ National Grid House