

Meeting report

Meeting name	Transmission Charging Methodologies Forum
Date of meeting	10 th September 2013
Time	10:00am – 1:00pm
Location	Energy Networks Association, London

Attendees

Name	Initials	Company
Andrew Wainwright	AW	National Grid (Chair)
Jade Clarke	JC	National Grid (Technical Secretary)
Adam Sims	AS	National Grid
Binoy Dharsi	BD	EDF
Frank Prashad	FP	RWE NPower
Cem Suleyman	CS	Drax
Tom Breckwoldt	TB	Gazprom Energy
Paul Brennan	PB	Waters Wye Associates
Karl Maryon	KM	Haven Power
Guy Phillips	GP	EON
Simon Holden	SM	Adjacent Power
Steve Moody	SM	GDF Suez
James Anderson	JA	Scottish Power
Tim Russell	TR	Russell Power
Mark Pearce	MP	National Grid
Bob Brown	BB	Cornwall Energy
Hannah McKinney	HM	DONG Energy
Rob Hill	RH	Smart Electrics / Consumer Focus
Amisha Patel	AP	ESBI

Dial In

Name	Initials	Company
George Douthwaite	GD	RWE Npower
Pavel Miller	PM	Energy UK

All presentations and supporting papers given at the TCMF meeting can be found at:
<http://www.nationalgrid.com/uk/Electricity/Charges/TCMF/>

1 Ongoing modification proposals – Andrew Wainwright

1. Ongoing CUSC modification proposals were presented with updates from each. These were;
 - **CMP201:** Removal of BSUoS charges from Generation
 - Currently with the Authority
 - Impact assessment expected in the Autumn
 - **CMP213:** Project Transmit TNUoS Developments
 - Ofgem impact assessment consultation open until 26th September¹
 - Minded to position: Diversity 1, 100% HVDC / Islands
 - **CMP219:** Clarifications to User Commitment Methodology
 - Workgroup voted to support proposal and the report is currently being finalised
 - To be presented to the September CUSC Panel.

2 Review of Embedded generation benefit– Andrew Wainwright

2. TCMF attendees were updated with the progress of the Embedded focus group discussions and the bilateral meetings National Grid are currently having with stakeholders. The focus group had their fourth meeting on the 9th September and agreed to meet for a fifth meeting in October to review the report to be produced by National Grid based on the discussions of the focus group and stakeholder meetings.
3. The majority of TCMF attendees thought that given the limited number of attendees in the Embedded focus group, it would be helpful for National Grid to publish alongside their report an open letter requesting feedback on the review so far and potential next steps. National Grid took these views on board to discuss internally.
4. National Grid reiterated that they are happy to discuss the Embedded review with any interested stakeholder.

3 European Commission Regulation 838/2010 – Impact on G/D Split – Adam Sims

5. National Grid presented a background to the EC Regulation 838/2010, which states that the annual average transmission charge should not exceed more than €2.5/MWh
6. Acer is currently reviewing the regulation and will provide opinion to the Commission by the 1st January 2014 for the appropriate range(s) of charges for the period after the 1st January 2015.
7. Current trends presented by National Grid suggest that we will reach the existing limit within one or two years based on the current interpretation of the reporting requirements. National Grid informed the meeting of its intention to exclude local TNUoS charges from future reporting, as it believes that there is justification for considering these to be connection charges under the Regulation definition. This is anticipated to delay the likelihood of reaching the limit by a number of years.

¹ Post meeting note: Now extended to 10th October.

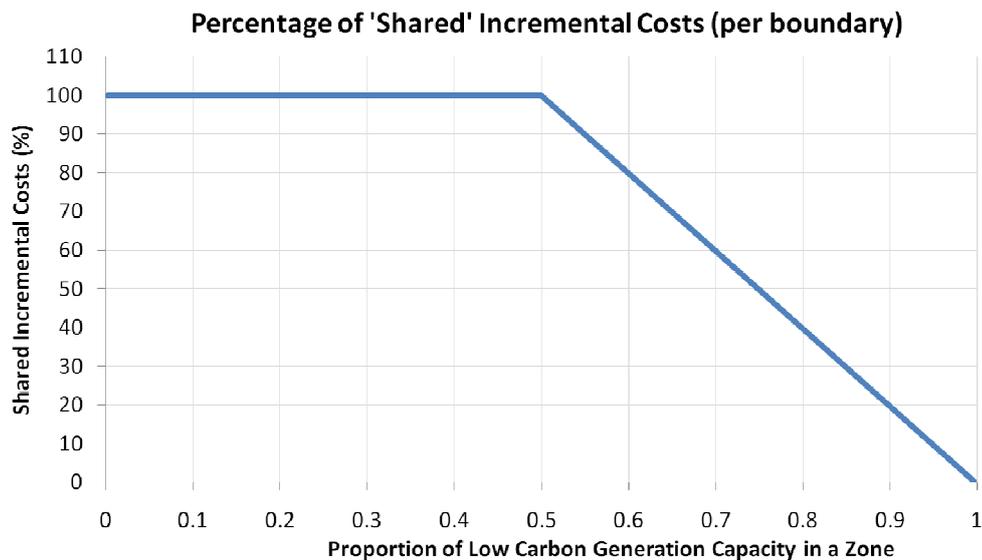
8. In parallel to the change in reporting, National Grid notified the meeting of its intention to raise a CUSC modification proposal to ensure that the Regulation is not breached in future. This could be in the form of a full review of the G/D split, or a cap on annual generation revenue recovery.
9. One attendee felt that this interpretation may not be consistent with the reporting of other EU TSO's and also felt that meeting European regulation should not be the primary driver of a full review of the G/D Split.
10. The majority of TCMF attendees understood the need to raise a modification proposal, however did not consider a full review should be rushed to avoid pre-empting the results of the Acer review.
11. There was some discussion over what proportion of European TSOs revenues were recovered from generation, and National Grid informed the meeting that ENTSO-e publish an annual review which contains this information. The latest ENTSO-e Overview of transmission tariffs in Europe: Synthesis 2013 report can be found at the follow link:

https://www.entsoe.eu/news-events/announcements/newssingleview/article/entso-e-publishes-overview-of-transmission-tariffs-2013/?tx_ttnews%25255BbackPid%25255D=28&cHash=6c6fb058f5a1a4763ac194754923adb3

4 CMP213 Diversity 1 Indicative tariffs 2014/15 – Jade Clarke

12. As Ofgem are minded to approve CMP213 WACM 2, National Grid presented the 2014/15 Indicative tariffs based on this workgroup alternative. These are based on the Diversity 1 methodology and do not include HVDC and Islands as these technologies do not yet exist. National Grid agreed to publish an overview of the indicative tariffs for the Original proposal and other Diversity options later this month.
13. The Diversity 1 tariff calculations are made up of 4 elements;
 - Peak security (TEC based, charged to non-intermittent generation only)
 - Year round shared (TEC*ALF based, charged to all generation)
 - Year round not shared (TEC based, charged to all generation)
 - Residual (TEC based, charged to all generation)

The year round tariff is split into shared and not shared to reflect additional investment made in areas dominated by low carbon generation. The amount of shared incremental costs per boundary is based on the proportion of low carbon generation capacity in a zone. Anything less than 50% low carbon generation capacity in a zone, the percentage of shared incremental costs is set at 100%. If there is more than 50% proportion of low carbon generation capacity in zone, the amount of sharing will decrease relative to the amount shown in the graph below;



14. The new rules around network connectivity were discussed along with National Grid's connectivity diagram based on the current 27 generation zones.
15. Within this presentation were four slides illustrating the indicative tariffs for 2014/15, these showed;
 - A comparison of the four tariff elements.
 - 30% intermittent and 70% conventional load factors compared with status quo (taken from National Grid's July quarterly update).
 - Zonal demand HH compared with status quo.
 - Zonal demand NHH compared with status quo.
16. There were discussions around these tariffs, these mainly involved questions around the comparison of the zonal demand tariffs with the status quo tariffs. AW explained that differences between the two sets of demand tariffs were due to the use of two backgrounds in the Transport model which result in different MW flows. The binning process selects the determining criterion for each circuit to be based on the background giving rise to the higher MW flow. For demand tariffs the effect of the incremental MW on each background is summated in the Tariff model to give an overall incremental MWkm. Whilst this largely gives rise to the same overall MWkm as the current methodology, in certain peripheral areas of the country where the direction of circuit flows may have reversed due to the absence of particular dominating generation technologies this can have a netting effect.
17. As next steps, National Grid will publish an Indicative tariff calculator for Diversity 1 and Indicative tariffs for all other options on their website by the end of September

5 User Commitment for Non-Generation Users – Adam Sims

18. A background to generation user commitment for pre- and post-commissioning sites was presented to the TCMF attendees along with the need to introduce enduring user commitment arrangements for interconnector and demand users by April 2015.
19. National Grid proposed to raise a CUSC modification proposal for Interconnectors, DNO Grid Supply Points, and Directly Connected Demand with a working principle that the arrangements should broadly reflect CUSC Section 15 (CMP192). It was questioned whether Pumped Storage should be included, but it was agreed amongst the TCMF attendees that it should at least be considered by a Workgroup.

20. The four topics of the proposal were discussed in more detail, describing the current arrangements and the proposed charges for each.
21. The impact of Integrated Transmission Planning and Regulation (ITPR) review was raised as an issue that may affect development of User Commitment for Interconnectors. This impact will depend on what ITPR recommends. It is National Grid's intention to cover this in the CUSC Proposal by differentiating between third-party and NETSO initiated Interconnectors.
22. It is National Grid's intention to raise the CUSC Modification Proposal in September 2013 with a target implementation of April 2015.

6 Potential future modification topics – Andy Wainwright

23. The Chair took the attendees through the list of prioritised potential modification topics which was agreed by TCMF attendees in March 2013. Progress on each topic was discussed and it was agreed that User Commitment (Section 15) Flexibility Developments and Flexible TNUoS products would be included as medium priority potential modifications on this list. **Action: JC to update future modification topics list.**

8 Next meeting

Next meeting: Wednesday 13th November

Time : 10:00 – 14:00

Venue : National Grid House
Warwick Technology Park
Warwick
CV34 6DA