

PUBLICATION OF PAPERS FROM BPG July 2003 Meeting

This note describes the papers that are now being published, in the form of Annexes to this note, arising from the BETTA Progress Group (BPG) Meeting held on 10 July 2003.

Publication Policy

Policy regarding the publication of BPG papers was discussed at the July meeting to which this note refers, and a paper putting forward an appropriate policy is included as an Annex to this note

BPG Papers

The following papers are published

Agenda

The agenda for the meeting is at Annex 1

Risk Register

The Risks Register put to and considered by the meeting is attached as Annex 2. This was the first time that the meeting had taken the formal Register, which is why all risks are under the heading 'New Entries Since Last Issue of Register'. In future, these will be put into the body of the register and the front section will be retained to highlight additions since the last issue of the Register.

Approach to the Development of GB Charging Processes

The paper taken at the meeting is shown at Annex 3. This is a paper that was prepared by the Commercial and Charging Expert Group, and sought the approval of the BPG for the approach proposed.

Publication of BPG Papers

The paper taken at the meeting is shown at Annex 4. The contents of this paper should be self-evident and the proposals in the paper will be used to determine appropriate publication of future BPG papers and minutes.

Minutes

The minutes of the meeting, not including a small number of excisions relating to matters of confidentiality, are shown at Annex 5.

Annex 1

**BETTA PROGRESS GROUP
MEETING ON 4 SEPTEMBER 2003
AGENDA**

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|---|-------|
| 1. Note of Last Meeting | |
| 2. Actions Arising | DH |
| 3. Publication of BPG Matters | |
| a Pack from last Meeting <i>BPG 04-09 a</i> | JB |
| 4. Programme Plan | JB/KM |
| a Declaring Baseline 1 <i>BPG 04-09 b</i> | |
| 5. Programme Management | JB/KM |
| a Risk Register <i>BPG 04-09 c</i> | |
| 6. Programme Board Reports | All |
| <i>(Papers to be provided)</i> | |
| 7. AOB | DH |

Annex 2

New Entries Since Last Issue of Register

No	Risk	Proposed Owner	Probability (%)	Impact	Description	Mitigation and action date
1	BETTA legislation too late for Go Live by April 2005	DTI	10	H	The BETTA Bill will not be included in the 2003/04 Parliamentary Session or Royal Assent is late or the powers are commenced late or designation is late	Develop an implementation plan that covers all activities between commencement of BETTA powers and Go Live Maintain appropriate contacts with LP
2	Short term reduction in effort	All	50	H	Putting back the Go Live date by six months has led to a requirement to replan for that. Central participants may reduce resource inputs to BETTA now in the light of the delay, which could both impact upon the replan, and also lead to less contingency being available later to deal with unforeseen circumstances	Initiate replanning effort as soon as possible Obtain joint agreement to a planning approach that seeks, as far as is possible, to maintain short and medium term milestones as in Baseline 0. Ensure that Development Groups remain focused on short term targets, including plan development and alignment
3	Delay in resolving transmission charging	Ofgem/DTI	25	M	Further delay in resolving transmission charging issues may lead to a situation where either Go Live is delayed, or elements of the consultation process are shortened or eliminated	Move forward discussions on transmission charging issues between Ofgem and DTI Determine latest possible date for publication of relevant CPs without threatening Go Live date

No	Risk	Proposed Owner	Probability (%)	Impact	Description	Mitigation and action date
4	Resolution of asset transfer issues takes too long	Ofgem, Transmission licensees	25	H	Provisions exist in the draft Bill for resolution of asset transfer issues where the relevant licensees fail to come to a voluntary agreement. If they are invoked, and the resolution of the referred disputes takes too long, the assets, or appropriate workaround options, may not be made available in time for Go Live	Identify all areas where asset transfer may be an issue as soon as possible Produce plans for such areas that allow sufficient time for dispute resolution to be adopted without threatening Go Live
5	Concerns over data confidentiality take too long to resolve	All	10	M	The Scottish transmission licensees have general and specific concerns relating to data confidentiality. These could lead to disputes over sharing of data that take so long to resolve that Go Live is threatened	Agree approach for dealing with items that are potentially confidential Identify important and unresolved confidentiality issues and escalate them to BPG as soon as possible

Annex 3**Approach to development of GB charging processes****Introduction**

Various confidentiality concerns have been expressed by the Scottish companies about the data that National Grid has indicated is necessary to calculate charges for customers on a GB basis. This matter was discussed at the BPG meeting on 17th June, and an action was placed on the Commercial & Charging Development Group to explain how we are proceeding with defining the charging processes to apply under BETTA in the absence of resolution of these confidentiality issues. The purpose of this paper is to fulfil the action placed on the C&C DG.

Background to the issue

The Development Group has been working on the basis of two key assumptions:

- Firstly that the GBSO is the contractual party with users and that they will calculate connection charges; and
- Secondly that the charging methodology for Scotland under BETTA will be based on the current England & Wales charging methodology

Also, in order to meet the October 2004 deadline, three areas of work were being progressed in parallel:

- Establishing the relevant processes and interfaces;
- Working towards publication of a consultation paper on the GB charging methodologies, including indicative impact on customers; and
- Specification and development of the IT interfaces and systems

There are two areas of concern with the provision of data to the GBSO under the E&W methodologies:

- The financial information about individual connection assets; and
- Summary information necessary to derive the Expansion Constant, Site Specific Maintenance charges, and global transmission cost factors.

The need to proceed with indicative charges for the consultation paper (was due in September) and the assumption that the England & Wales charging methodology will be applied to Scotland have given rise to these confidentiality concerns in advance of the work on processes and interfaces being completed.

Approach being adopted by the Development Group

Before the Go-live date was put back, the Development Group had already identified a way to make progress in the absence of resolution of these confidentiality issues.

A sub-meeting of the group was held on 13th June, where the Scottish companies provided details of sub-station layouts at a number of sample sites. National Grid staff explained how the E&W methodologies are applied and identified the connection assets

at these sample sites. The Scottish companies will now continue this analysis at all of their remaining sub-stations to gain a complete picture of the connection assets, both pre and post-Vesting. They have also provided details of the formats of the data that they currently hold.

The revised implementation date alleviates the problem even further because it means that the group can now consider the three areas of work mentioned earlier sequentially rather than in parallel, and thus delay the need to resolve the confidentiality concerns. The revised timetable is:

- July to September - establish the relevant processes and interfaces;
- October to February - publish consultation papers on the GB charging methodologies, including indicative impact on customers; and
- March to September – implement IT interfaces and modify systems.

National Grid is currently undertaking a Charging Reform review as part of the 8 commitments to Ofgem in respect of Transmission Access proposals in England & Wales. A consultation paper on this subject has been issued this week and if these proposals are implemented, they will simplify the charging methodologies and reduce the data requirement on Scottish TOs under BETTA. A decision about the basis of the charging rules from April 2004 is expected by Ofgem in October this year, and this means that the consultation papers about the GB methodologies can be based on the agreed April 2004 rules.

During the review of processes before September, the Development Group will consider the annual GB charge setting process and any additional data requirements that will arise during the year (due to new connections etc). Once the processes are understood we will assess what data is required from Transmission Owners at each stage and whether the data can be aggregated or provided in a different format to still achieve the same results using data that can be made available by the Scottish companies. Once this work is complete the group will be able to establish if there are any residual confidentiality concerns, and if so will escalate these to STEG.

Conclusion

By adopting this approach, the Development Group will be able to proceed with its work over the next three months. During this time, we are hopeful that we can resolve most, if not all, of the confidentiality concerns before data needs to be passed to National Grid (as GBSO designate) to inform the first consultation on GB charging methodologies.

The first consultation document is scheduled to be issued at the end of November, and hence any residual confidentiality concerns will need to be resolved by the end of October so that data can be passed to National Grid to calculate indicative impacts on customers during November.

Kevin Broadbent

Chairman of the Commercial & Charging Development Group

Annex 4**PUBLICATION OF BPG PAPERS**

This note discusses the publication of BPG papers and steps to be taken to deal with confidential matters

Publication Policy

Ofgem/DTI are keen to conduct a process which is as open and transparent as possible in relation to all aspects of the BETTA Programme.

In principle, therefore, Ofgem/DTI believe that it is appropriate that BPG papers are put into the public domain. This includes:

- agendas;
- papers submitted to BPG;
- minutes of meetings.

Confidential Information

Whilst the above is appropriate in principle, there will be areas where BPG members will want to see papers and discussions remaining confidential. Ofgem/DTI would like to see such items kept to a minimum, but accept that some matters will fall within such a definition. In such cases, it is suggested that:

- whoever initiates the paper or papers proposes that they, or sections of them, are treated as confidential;
- the issue of confidentiality is discussed at the BPG meeting which takes the paper or papers;
- papers, or sections of papers, that are confidential are not put into the public domain.

To avoid papers that are written primarily with disclosure in mind, it is suggested that any papers could subsequently be edited for publication to protect confidential information.

The minutes for BPG members cover confidential matters in the same way as other matters, and the minutes themselves would be kept confidential. The published minutes would be edited for confidential material, although in the interests of transparency it is proposed that reference would be made to the matter, but only in terms that discussion on a named confidential matter took place.

Progress Reports

Consideration needs to be given to the treatment of progress reports to BPG. These need to be open about progress, including where appropriate commentary on events that are behind plan and what might be done to remedy matters. If these are put into the public domain, there is a risk both that those outside BPG will get a distorted impression of progress (because any reader will naturally focus on what is not on plan rather than what is) and may also encourage BPG participants not to present a full picture, on the basis that they do not want any lack of progress on their part to enter the public domain. Views are sought on these issues from BPG members, but Ofgem/DTI's initial view is that it may not be appropriate to put such information into the public domain. As an alternative, it is already intended to put Baseline plans into the public domain, and every time that a new Baseline is issued, which may be infrequently, attention can be drawn to that.

Publication

In this paper, publication normally means placing documents on the website. In general, it is suggested that agendas are placed on the website prior to meetings, but papers taken at the meeting and minutes are only placed on it after the meeting, and after an initial review by BPG members.

Other Groups

For the avoidance of doubt, it is proposed that the agendas, papers and minutes of both the Development Groups and the Programme Managers Group should not be published. This is because the Development Groups cover essentially matters internal to the transmission licensees, and the Programme Managers Group covers matters already discussed under the Progress Reports section of this note.

Annex 5

BETTA Progress Group – NGC (London)
Notes of Meeting 10 July 03

Present:	David Halldearn (DH)	Ofgem (Chair)
	Rob MacLaren (RM)	SP
	Simon Bucknall (SB)	SP
	Alec Morrison (AM)	SSE
	David Densley (DD)	SSE
	Charles Davies (CD)	NGC
	Adrian Jarvis (AJ)	NGC
	Peter Davies (PD)	Elxon
	Gordon Armstrong (GA)	DTI
	Julian Bagwell (JB)	Ofgem
	Ken Murray (KM)	Ofgem
	William Robertson (WR)	Ofgem

1. Note of Last Meeting

1. An amended set of minutes (for BPG 17/06/03) was circulated. These incorporated changes received from NGC.

2. Actions Arising**a. *Issues and Risks Register***

2. DH recommended that the Risks Register should be reviewed at each BPG meeting. Any appropriate action would then be taken. This approach was agreed by the meeting.
3. SB suggested that the Risks Register could be enhanced if it indicated changes in risk status using a colour coding or numbering system. DH agreed to consider the available options.

Action: Ofgem

4. DH said that it was important that the transmission charging consultation was released for publication as soon as possible, so that Ofgem and NGC can then develop figures reflecting its potential impact on transmission charges. It is important this is done before the Bill enters the house, as parties will be eager to know the impact of BETTA on them.
5. DH agreed that Ofgem would plan for the development of initial GB charges, which would deliver indicative GB charges prior to the BETTA Bill entering the house in November.

Action: Ofgem

6. JB emphasised that if there are any asset transfer issues, these need to be raised in sufficient time for resolution prior to BETTA 'go-live'.
7. PD suggested that the programme assumptions list be reviewed and a risk status given to each assumption. DH expressed concern that there would be difficulties in carrying out such a review. DH asked all parties to identify those assumptions, which are significant, are especially risky and whose failure to be met would have a large impact on either costs or 'go-live'.

Action: All

8. DH also invited parties to submit, prior to the next BPG, a note of any additional risks that have been not been identified so far.

Action: All***b. Data Confidentiality***

9. DH highlighted the key areas in the 'Approach to development of GB charging processes', produced by the Commercial and Charging Development Group.
10. CD indicated that confidentiality issues must be resolved by mid-October 2003. This would allow data to be transferred from the TOs to the GBSO, so NGC can calculate indicative impacts on customers, as part of its first consultation on GB charging methodologies.
11. DH agreed that the charging consultation is a key step and suggested that in the meantime as much progress should be made as possible in: the identification of data required by the GBSO; a timetable for the work on charging; publishing of the DTI/Ofgem charging consultation paper and resolution of the issues surrounding small generators.
12. DH suggested that the companies, by drawing on the current charging methodology could assess what data would be required were that to be the way forward and thereby identify any commercial confidentiality issues.

Action: SP/SSE

13. DH informed the group that Ofgem had investigated the idea of a waiver letter, in regard to Licence Condition D3. This condition relates to restrictions in the transfer of information. DH issued SP/SSE with copies of a draft licence change for consideration. They were asked to consider whether they would accept the change in principle and if so is the proposed wording appropriate (by 18/07/03).

Action: SSE/SP

c. Others

14. CD confirmed that parties were successfully accessing NGC's intranet site.
15. DH confirmed that Ofgem was looking at the small generators/132kV issues and that a consultation document on the issue would be published in the autumn.

Action: Ofgem**3. Publication of BPG Matters (BPG 17-07e)**

16. JB outlined discussion paper (BPG 17-07e) on the publication of BPG papers and steps to be taken to deal with confidentiality.
17. Ofgem will compile a pack of appropriate BPG material to go into the public domain.

Action: Ofgem**4. Programme Plan****a. Implementation/Transition - update**

18. KM indicated that the plan is in the process of being updated to take account of the change in the BETTA 'go-live' date to April 2005.
19. DH said that Ofgem's legal team was currently involved in assessing the legal framework for the implementation of BETTA. This is likely to have an impact on the progression and sequencing of key documents.

b. Moving towards Baseline 1

20. KM provided an update, and indicated that the target was to move from Baseline '0.75' to Baseline '1' by September. AJ considered that it was important to move to Baseline '1' to give full clarity.
21. PD asked if the plan would clarify whether the key project dependency is the legal work or the work covered by the STEG group. DH replied that this issue should be covered in September, once Baseline 1 is reached. However additional time should be set aside to give this consideration.
22. RM indicated that a number of issues seem to remain outstanding, including the billing cycle. DH agreed that this was one issue amongst many others, but agreed that the Commercial and Charging Development Group should clarify the billing cycle issue. This would be progressed through STEG.

Action: STEG**5. Programme Management****a. *Traffic Light Report (BPG 10-07 f)***

23. KM outlined the report.

6. Programme Board Reports

24. DH accepted that the companies might not wish their Programme Board Reports to go into the public domain due to the sensitivity of this information. He indicated that progress reports should continue to be tabled at BPG meetings but they would not be published. Any published minutes would indicate that Programme Board Reports were discussed.

25. AJ outlined NGC's report.

26. AM, RM and PD summarised SSE's, SP's and Elexon's reports respectively.

7. AOB

27. The next BPG meeting will be held in Glasgow on 4 September 2003.