

## **TADG Working Group – Note of first meeting Millbank, 14 July 2006**

### **Introduction**

Ofgem provided a brief overview of the process to date and made the following key statements regarding the organisation of future meetings:

- The focus of the group is on the transmission charging and contractual arrangements in relation to distributed generation (DG)
- Group established as a direct result of industry comments with a view to assessing in further detail the options for change, building on the findings of the consultation process to date
- It is an industry group and therefore expected that attendees would be proactive in discussions and in bringing forward work
- TADG is not a decision-making group, it is concerned with developing and assessing options for change in order to better inform future processes.

### **Terms of reference**

The major point raised by attendees was on the need to specifically identify the problems needing to be solved which result from the issues identified. Ofgem noted that it considered this process had been taken forward in its consultation process and that any further assessment of the problems would be better achieved in the context of developing agency models as potential alternatives to the current arrangements.

Key changes identified to terms of reference in light of comments:

- clarity across the terms of reference that the changes being considered are to the transmission arrangements
- changes to order of future meetings and addition of further meeting (see below)

### **Agency strawmen**

Ofgem provided a brief overview of agency models and respondents' views on the relative advantages and disadvantages of supplier agency, DNO agency, DSO, and hybrid agency models in generic terms.

NGET presented a paper setting out its view of the problems to be addressed and describing a range of specific agency models. NGET identified 8 models, 3 of which it developed into strawmen.

The key issues raised by attendees were:

- the relative merits of "gross" vs "net" and "GSP" vs "GSP group" models
- the range of issues (commercial, contractual or technical) for which an agency approach may be used
- noting the existing arrangements are a form of agency model, suggesting its use as a starting point for developing a strawman designed to address its flaws
- the application of the same approach to all types of DG including e.g. microgeneration

Ofgem invited members to develop agency strawmen for consideration at future meetings.

## **Scope of future work**

Attendees identified the key issues that would be required to be discussed under each of the key work areas. The areas identified are listed below.

### Operation & Planning issues

- Planning drivers – security standards, planning assumptions
- Demand side issues
- Quality of information available
- Scope of existing market
- Management of constraints caused by DG
- Levels of diversity, impact of DG individually vs in aggregate
- Timescales for planning, development and commissioning of new DG
- How does GBSO fit in with DNO operation and planning
- Ongoing need for integrated transmission system for system security
- Thresholds – level of disaggregating required vs level of “noise” that can be accommodated
- Reactive Power – Mandatory ancillary services

### Access issues

- Basis for access product (peak or other period, “gross” vs “net” export, individual DG vs aggregate, GSP v GSP group)
- Nature of access rights to the total system
- Nature of agreements (BEGA, BELLA)
- Treatment of demand
- Who should have TEC/ DEC
- Scottish issues – different size definitions, 132kV treated differently
- GB queue

### Charging issues

- Difference between T & D charging
- Scope for double counting
- Constraint payments
- Basis for charging – MW or MVA, generation vs negative demand
- System peak charging – impact if maximum is outside system peak

### Implementation issues

- Changes to key industry documentation
- System changes
- Implementation costs
- Ongoing operation and transaction costs
- Impact on “existing” vs “new” parties
- Timescales for introduction and longevity of solution
- Interactions with other policy areas – Offshore, Energy Review, distribution charging, active network management

Ofgem invited members to give presentations at future meetings on their perspectives on the key issues identified above, in the context of developing agency models.

## **Organisation of future meetings**

A majority of attendees favoured changing the order of future meetings in order to discuss operational and planning issues before issues of access and charging.

A further meeting will be added before the implementation discussion in order to consider the form of agency models in the light of previous discussions.

The other key conclusions were:

- Ofgem will continue to act as chair and secretariat of future meetings
- Meetings will be held monthly
- Some meetings may be held in Scotland or at National Grid House
- Ofgem will circulate a note of each meeting for attendees' views before placing on the website
- Presentation and circulation material will be placed on the website

The terms of reference will be updated to reflect the above.

## **Next Meeting**

The next meeting will be held at Millbank on 17 August 2006, and will focus on operation and planning issues.

## **Agreed Actions**

Nick Pittarello to present at meeting 2 on NGET's view of the operation and planning issues around the impact of DG on the transmission system, and how they can be addressed through agency models.

Paul Jones to present at meeting 3 on "gross" vs "net" models.

## Appendix 1 – Attendees list

			Member	Meeting 1 14/07/06	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7
1	AEP	Malcolm Taylor								
		Stephen Andrews	SUB							
2	Airtricity	Robert Longden								
3	Alcan	Bob Nicholson								
4	AMEC	Elaine Greig	SUB							
5	British Energy	Louise Allport								
		John Capener	SUB							
6	CE Electric	Dave Miller								
7	Centrica	Merel Kolfschoten								
8	CHPA	Ian Calvert								
9	CLA	Oliver Harwood								
10	Cornwall Energy Associates	Nigel Cornwall								
11	Eclipse Energy Company Ltd	Tony Cotton								
12	EDF Energy	Matthew Hays-Stimson								
13	E.ON	Paul Jones								
14	Fred Olsen	Nick Emery								
15	Garrad Hassan	Helen Snodin								
16	DTI Centre for DG & Sustainable Electrical Energy	Goran Strbac								
		Joseph Mutale	SUB							
17	NGET	Nick Pittarello								
18	REA	Gaynor Hartnell								
19	RES	Richard Ford								
20	RWE Npower	Terry Ballard								
		Emma Piercy	SUB							
21	SHETL	Max Lalli								
22	SP T & D	Jeremy Blackford								
		Paul McGimpsey	SUB							
23	SRF	Maf Smith								
24	United Utilities	Mike Kay								
25	West Coast Energy	David Walker								
26	Western Power Distribution	Nigel Turvey								
		Nigel Lloyd	SUB							
27	Ofgem – Transmission	Cheryl Mundie								
28	Ofgem - Transmission	Grant McEachran								