

Transmission charging for the islands

Adam Sims, CISG 06 November 2009



nationalgrid

The power of action.™

Background

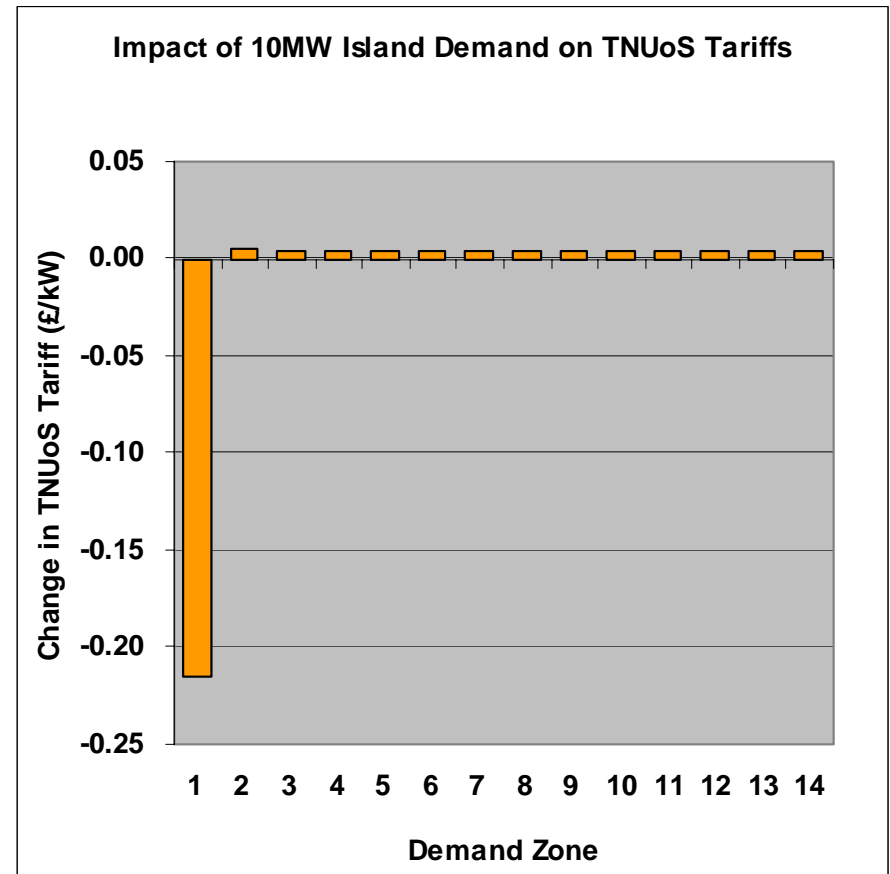
- ◆ Treatment of island generation connections discussed as part of GB ECM-08: Charging Arrangements for Offshore Transmission Networks
 - ◆ One respondent believed that application of offshore arrangements may be inappropriate and would be premature
- ◆ Need for change:
 - ◆ Regulatory options now further developed
 - ◆ Lack of formal charging methodology for islands is now a source of uncertainty for island generation developers

Discussion

- ◆ Is extending offshore arrangements appropriate?
- ◆ Issues
 - ◆ Derivation of expansion constant
 - ◆ For offshore, offshore cable expansion factor derived from OFTO revenue
 - ◆ What is the appropriate approach for island connections?
 - ◆ Interaction with strategic investment
 - ◆ How would superior RoR associated with strategic investment to island be recovered?

Discussion

- ◆ Impact of island demand on weighted average zonal charge
 - ◆ Island demand will receive highly negative charge
 - ◆ Impact on zone mitigated by small size
- ◆ Analysis on 10MW demand gives TNUoS of £3.07/kW
- ◆ New zone for islands?
 - ◆ Expensive to implement
 - ◆ Tariffs would still be re-based



Discussion

- ◆ Security Factor
 - ◆ SQSS requires single-circuit for offshore networks
 - ◆ Parallels with island connections
 - ◆ Users should only pay for the level of security they are receiving, i.e. non-firm access but reduced TNUoS charge

Summary

- ◆ National Grid continues to believe that the high level treatment applied to offshore networks should also be applicable to island connections
- ◆ Next steps:
 - ◆ Publish consultation (November 2009)
 - ◆ Responses due by Xmas
 - ◆ Recommendation to the Authority (February 2010)