

# Final Methodologies

## Illustrative TNUoS Tariff Calculation

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# Background

- Illustrative Tariffs published with Final Methodologies on 20 August
- Based upon NGC forecast of relevant parameters, however not a formal indicative 2005/06 tariffs
- Formal tariffs will be published once the charging methodologies have been approved and revenue restrictions are known

# Assumptions (1)

- Data used in Transport Model based upon the 2004 E&W SYS and 2003 SP & SSE SYSs
- Network data is derived from forecast network for winter 2005/06
- E&W nodal data is derived from the latest 2005/06 forecast
- SP & SSE nodal data is derived from 2003/04 dataset updated with latest information (SYS data cannot be directly mapped i.e. demand needs to be modelled net of embedded generation)
- GB locational security factor of 1.80
- No routes with spare capacity

## Assumptions (2)

- Expansion constant for 400kV OHL of £9.78/MWkm used
- Scenario A used single GB expansion Factor
- Scenario B Multi-Voltage expansion Factor
  - 132kV expansion factor (80% of 132kV:20% of 400kV)
  - G/D split adjusted to 10/90 to ensure positive demand tariffs
- Tariffs do not include any adjustments for renewables in peripheral areas, Hydro benefit, or small generators

# Assumptions (3)

- Total allowed revenue estimated at £1100m including allowances for:
  - Forecast allowed revenues
  - Estimate of GB connection charges
  - Interconnector socialisation
  - RETS
  - Scottish “Plugs” legacy issues
- Assumes no under or over recovery carried forward into 2005/06 from 2004/05

# Tariffs - Scenario A

## Single Expansion Constant

Zone No.	Zone Name	Zonal Tariff (£/kW)
1	Peterhead & Northern Highland	16.68
2	Skye & Western Highland	15.94
3	Central Highlands	13.00
4	Central Belt	11.94
5	Borders & Northern England	8.67
6	Lancashire, Pennines & Humber	5.33
7	North Wales & North Midlands	3.82
8	Anglesey	6.63
9	Dinorwig	9.21
10	Mid Wales & West Midlands	1.52
11	East Midlands & Anglia	2.40
12	South East & Estuary	0.44
13	Central London	-5.73
14	South Wales & South Coast	-2.53
15	Wessex	-5.02
16	Peninsula	-7.70

Zone No.	Zone Name.	Zonal Tariff (£/kW)
1	Northern Scotland	1.09
2	Southern Scotland	4.40
3	Northern	7.78
4	North West	11.46
5	Yorkshire	11.36
6	N Wales & Mersey	11.43
7	East Midlands	13.73
8	Midlands	15.24
9	Eastern	14.46
10	South Wales	18.80
11	South East	17.13
12	London	19.31
13	Southern	18.41
14	South Western	20.90

# Tariffs - Scenario B

## Multi-voltage Expansion Constants

Zone No.	Zone Name	Zonal Tariff (£/kW)
1	Peterhead	17.96
2	Northern Highland	20.54
3	Western Highland	18.01
4	Skye & Quoich	16.30
5	Central Highlands & Angus	13.57
6	Argyll & Bute	11.77
7	South West Scotland	8.98
8	South East Scotland	10.25
9	Northern England	5.79
10	Lancashire, Pennines & Humber	2.56
11	North Wales & North Midlands	0.67
12	Anglesey	3.72
13	Dinorwig	6.30
14	Mid Wales, Midlands & South East	-1.68
15	North London	-2.75
16	Central London	-8.72
17	Oxon & South Coast	-3.71
18	South Wales & Gloucester	-6.30
19	Wessex	-7.08
20	Peninsula	-10.60
21	South West Wales	-4.57

Zone No.	Zone Name.	HH Zonal Tariff
1	Northern Scotland	1.71
2	Southern Scotland	7.28
3	Northern	11.31
4	North West	14.81
5	Yorkshire	14.67
6	N Wales & Mersey	14.84
7	East Midlands	17.16
8	Midlands	18.70
9	Eastern	17.67
10	South Wales	22.01
11	South East	20.43
12	London	22.65
13	Southern	21.74
14	South Western	24.32

# TNUoS - Factors to be confirmed

- Network and Node data - final tariffs based on Interim Seven Year Statement information
- GB Security Factor
- Expansion Constant
- Generation Zones
- Allowed revenue
- GB connection charges (pre-vesting)

# Next steps - Indicative Timetable

- 17 September 04 – Closing date for the Final Methodologies Consultation
- End September 04 – Final proposals Conclusion report & draft statements of charging Methodology sent to the Authority
- October 04 – Ofgem Impact Assessment on Proposals
- November 04 - Authority decision
- End December 04 – Indicative Connection charges
- January 05– Indicative tariffs
- 31 January 05 - Final Tariffs/Connection charges published

# Questions and Answers (2)