

Consultation Document: Modification Proposal to the Use of System Charging Methodology Calculation of Locational TNUoS Charges (UoSCM-M-10)

Key Points

- **British Energy does not support administered transmission charges that vary excessively by location for incumbents. Whilst we recognise that the DCLF model may more accurately reflect actual flows in the system, the case for replacing one 'black box' with another has not been made on cost benefit grounds.**
- **BE does not support the introduction of a Locational Security Factor. System security is of benefit to all users. The current methodology supports this, as the Security factor is non-locational**
- **It is essential that there is no delay in determining tariffs applicable for April 2004 to allow time for any changes in charges to be built in to pricing by generators and suppliers.**

Specific comments on National Grid's Detailed Proposals

We have a number of specific comments on the three major changes proposed in UoSCM-M-10.

DC Load Flow Transport Model

British Energy does not support administered transmission charges that vary excessively by location for incumbents. Whilst we recognise that the DCLF model may more accurately reflect actual flows in the system. However the case for replacing one 'black box' with another has not been made on cost benefit grounds.

- **Fundamental changes to the existing balance of connection charges and zonal use of system charges should proceed only where it can be shown that the proposed new structure is demonstrably more efficient than the structure it replaces.**
- **Given the difficulty in defining 'cost reflectivity' for a mature network, National Grid should develop charges that are equitable on the basis of economic efficiency and cost-benefits. The DCLF Transport model proposal needs to be examined critically within this context.**
- **The use of this model introduces concerns regarding transparency and the availability and maintenance of data that users require to independently calculate their charges and to perform sensitivity analyses.**

Locational Security Factor

- BE does not support the introduction of a Locational Security Factor. The reasoning for this is that system security is of benefit to all users. The current methodology supports this, as the Security factor is non-locational.
- It should be highlighted that NGT analysis using a 1.9 security factor with an unsecured DCLF Model appears to overestimate the nodal marginal costs for nodes in the north and underestimate the nodal marginal costs for nodes in the south. The security factor needs to be recalculated to better represent the results from a secure DCLF Model.

Use of the DCLF Model Provided by NGT

- The explanation of the derivation of the Forward Looking Expansion Constant (FLEC) within the Illustrative Revised Draft of The Statement of the Use of System Charging Methodology is unclear. A greater level of detail would be beneficial to users and allow more certainty in forecasting. For example why is historical forecast data rather than subsequently available actual data used in the calculation of the FLEC?
- There is additional lack of clarity presented by the use of further Expansion Factors, which relate to line and cable types. These factors are fundamental to the use of the model and it would provide additional functionality to users if they were more clearly defined in either the model itself or the statement.
- The criteria for derivation of the Generation zones are too fluid for users to replicate accurately.
- It is important to ensure that all necessary inputs will be in the public domain.