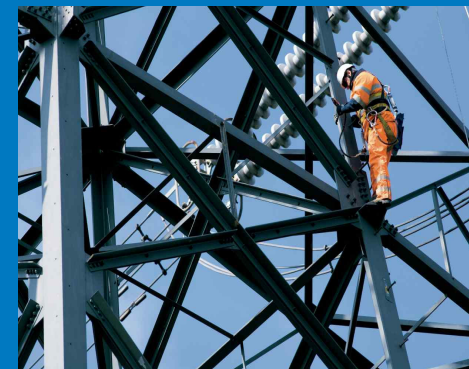


TNUoS tariffs for 2012/13



Adam Brown
TCMF January 2012

Content

- Key factors that have driven tariff changes for 2012/13
 - locational
 - non-locational

- A focus on the Allowed Revenue
 - changes since setting tariffs for 2011/12
 - availability of information

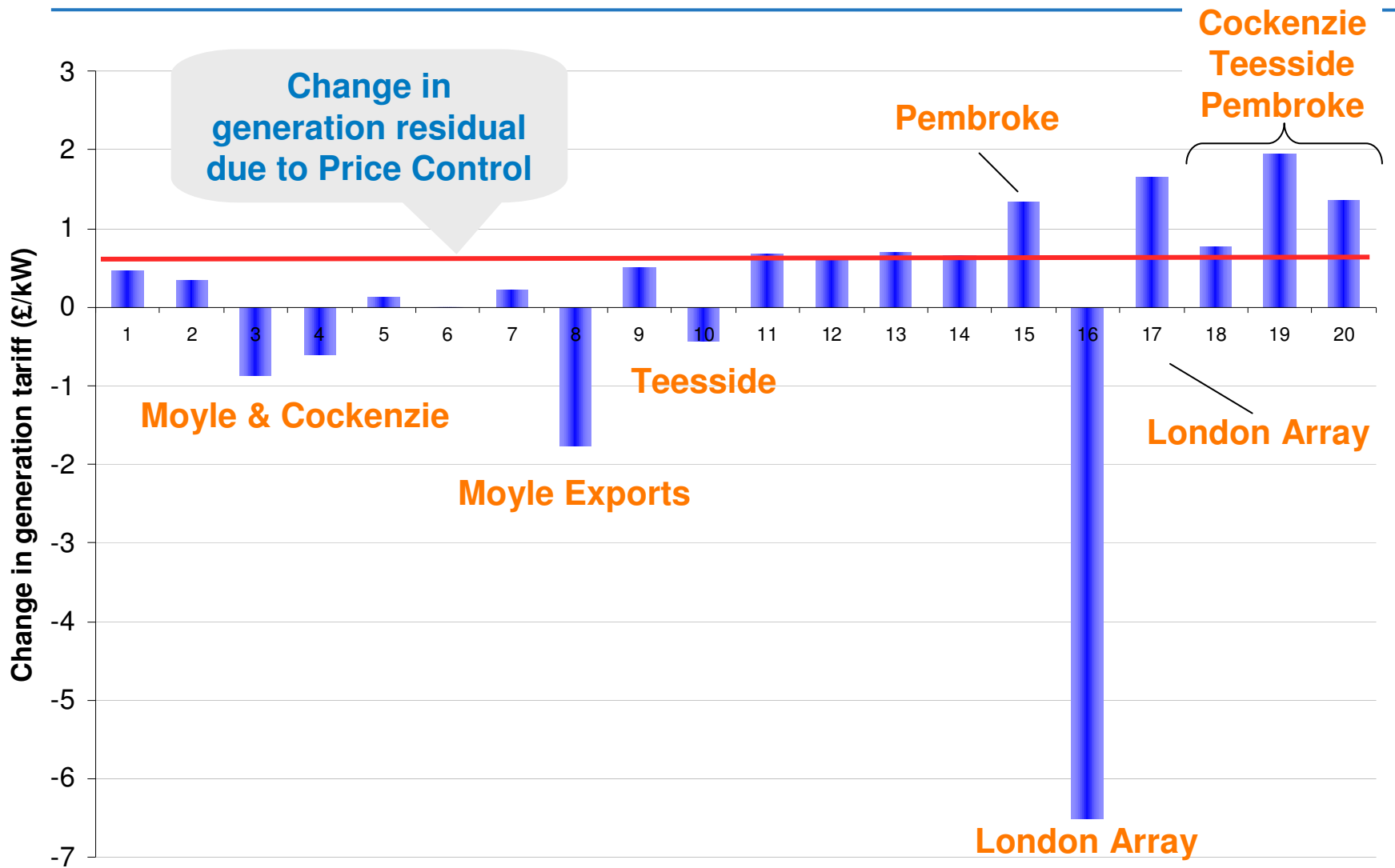
- Predictability of the Allowed Revenue

Key factors influencing tariff changes in 2012/13

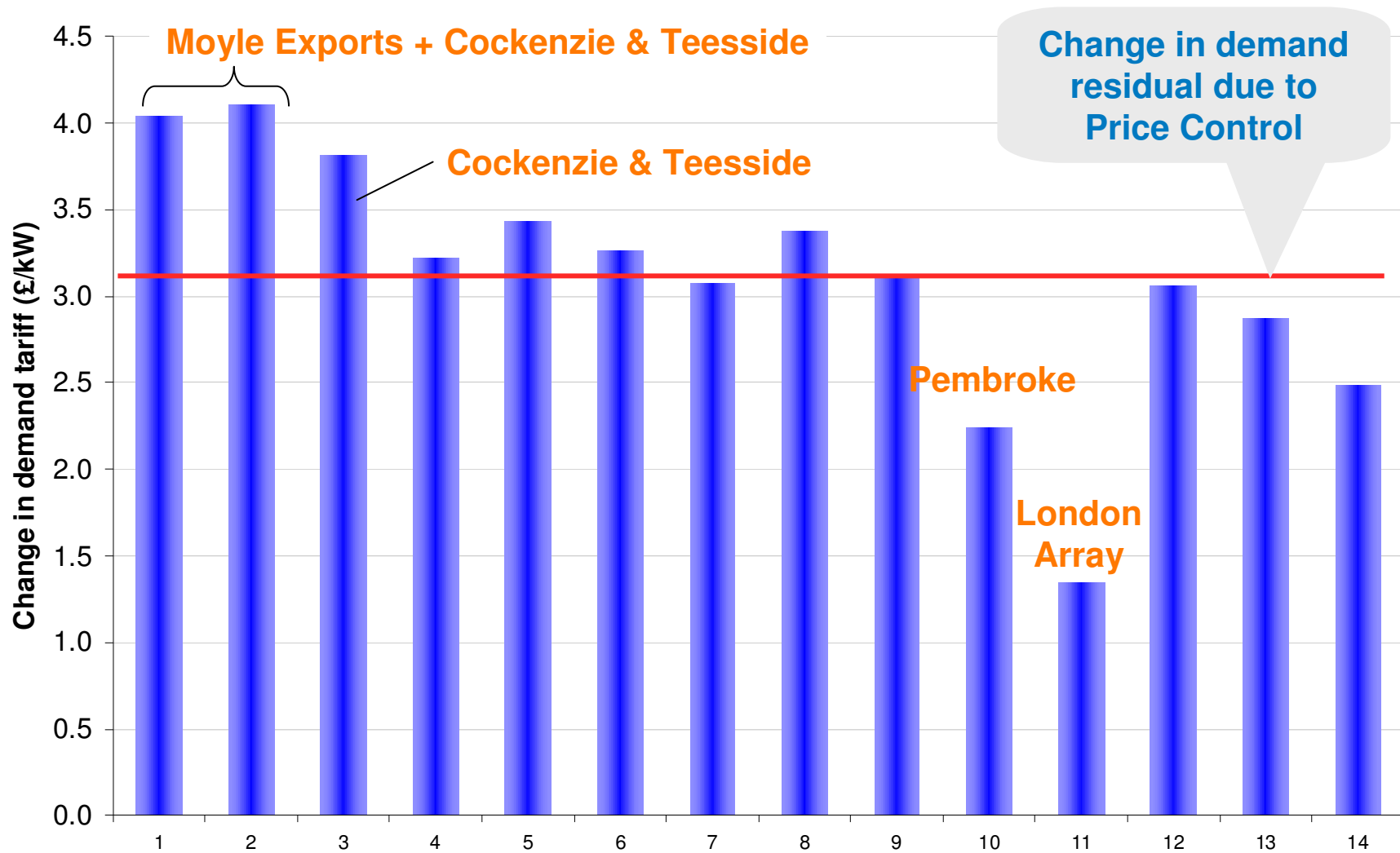
- Changes in factors that affect flows on the transmission system
 - a number of significant changes in TEC
 - TEC reductions in the North / Scotland
 - TEC increased in southern England and Wales
 - increased exports from Scotland to Northern Ireland

- Increase in the allowed revenues of onshore TOs
 - price control rollover and subsequent licence drafting

Generation changes (£/kW)

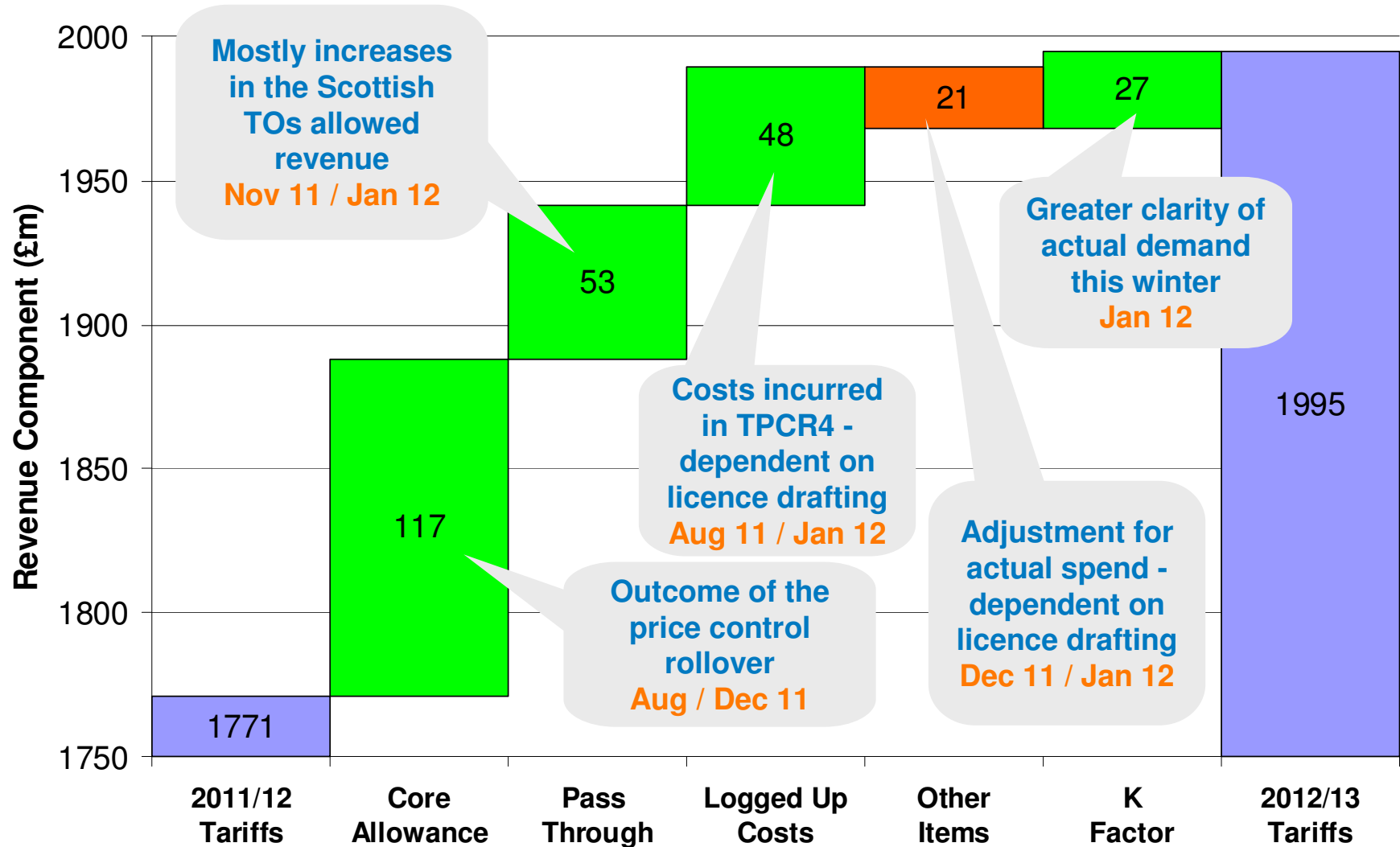


Demand tariff changes (£/kW)



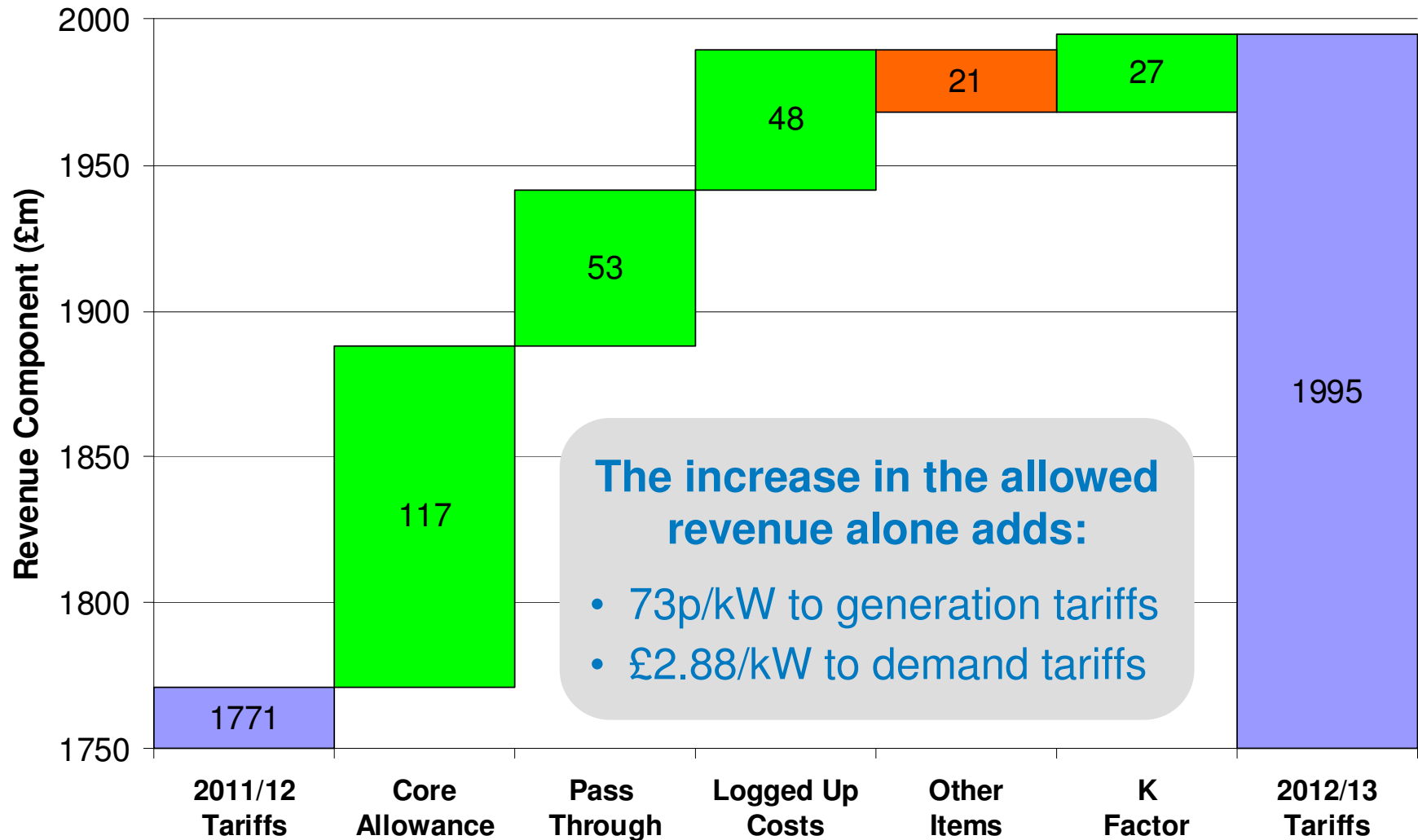
Change in Allowed Revenues

Increase in transmission allowed revenue of ~13%



Change in Allowed Revenues

Increase in transmission allowed revenue of ~13%



Some thoughts...

- **Earlier information about allowed revenue is required to help customers understand likely path of tariffs**
 - National Grid is already thinking about this...
 - proposals for interim 5-year tariff forecast
 - review learning points from previous revenue / tariff forecasts
 - RIIO uncertainty mechanisms
 - Some revenue changes are only known late in the day
 - consider changing timing / publication of information from TOs
 - continue to discuss offshore revenue uncertainties with Ofgem
- Greater regulatory stability following RIIO implementation

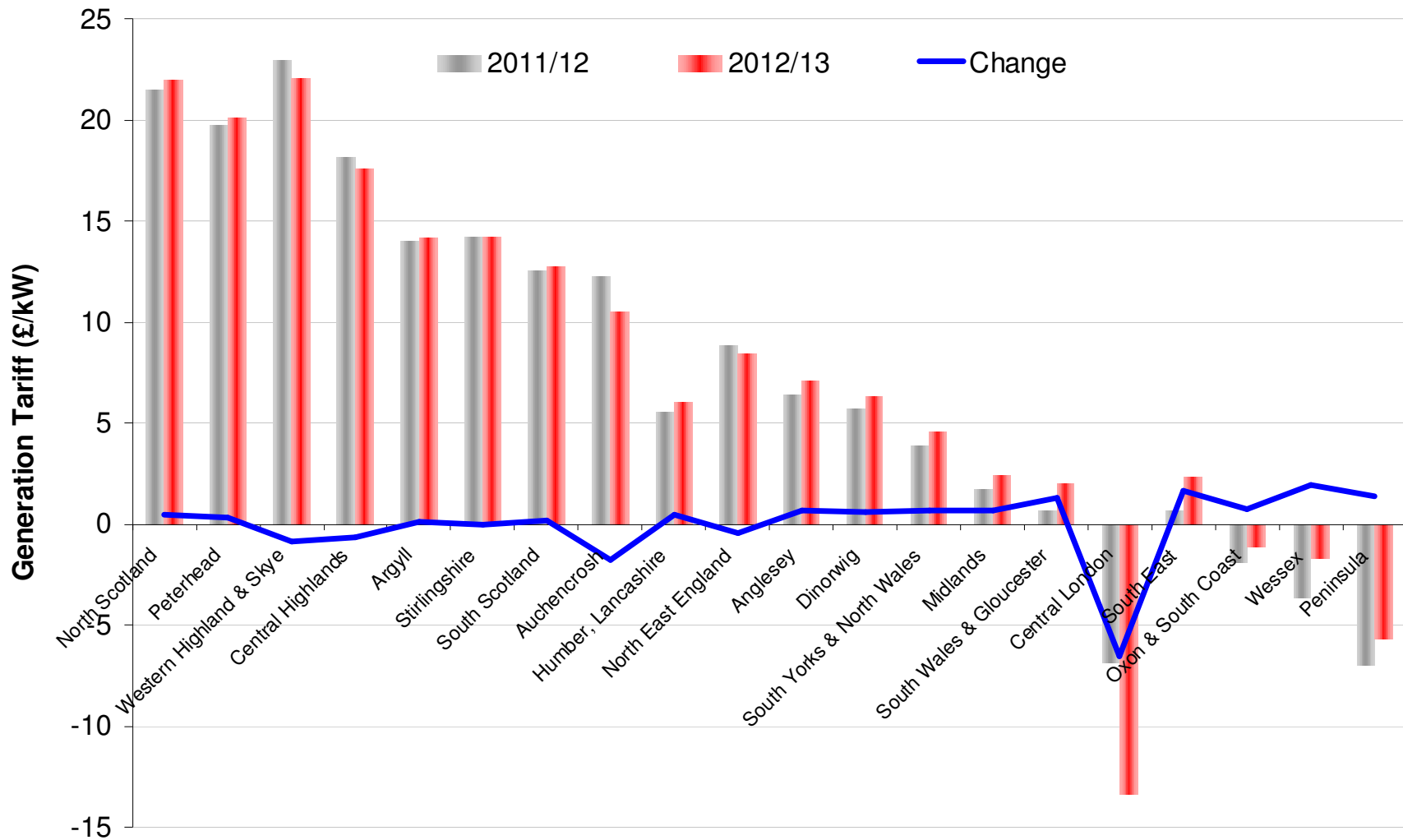
Some more thoughts...

- **Is more needed to explain the ‘mechanics’ of the charging model to help customers use / understand impacts of external changes?**
 - a guide to building up the allowed revenue?
 - more detail on the factors influencing
 - local / wider tariffs
 - onshore / offshore tariffs
 - the residual tariff elements?

Any questions?



Generation tariffs for 2012/13



Demand tariffs for 2012/13

