

Summary of options

The table below summarises the options for further development discussed at CISG on 8 June 2009

Users	Options	Notes
(1) Costs targeted at Users that connect prior to the completion of wider reinforcement works	Ex ante forecast of "reasonable" short-run marginal cost	"Reasonable" short-run marginal costs based on fuel price differentials?
	Ex ante forecast of short-run marginal costs based on observed BM bids and offers	Fixed added used to maintain locational differentials and recover 100%/50%/27% of cost?
	Ex ante forecast of short-run marginal costs capped at $[x] \times$ prevailing TNUoS charge	Need to convert prevailing TNUoS charge (£/kW) into £/kWh equivalent for various generation types
(2) Costs targeted to all generation Users locationally	50% of [constraint cost – receipts from (1)]	Arbitrary split between locational BSUoS and socialisation
	[constraint cost – receipts from (1)] divided between generation users on each side of the relevant transmission system boundary based on bid and offer prices. Step 1: Establish ratio of [bid price accepted – best available bid price] to [offer price accepted – best available offer price] Step 2: Divide [constraint cost – receipts from (1)] between generation on exporting and importing sides of the boundary according to the ratio	An attempt to divide residual costs between generators on each side of the constrained transmission boundary based on the proportion of the constraint cost caused by generation on that side of the boundary
(3) Costs targeted at all Users - generators and suppliers	50% of [constraint cost – receipts from (1)]	Arbitrary split between locational BSUoS and socialisation

Next meeting 15 June AEP offices