



# New Application Fee Proposals

*For Discussion*

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6 January 2010

**nationalgrid**

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# Background

- ◆ **App Fees paid by generators, interconnectors, directly connected demand sites and DNOs**
- ◆ **New connection agreements/ changes to existing agreements**
- ◆ **National Grid obligated to provide offer within 3 months**
- ◆ **Fee covers discussions/ data validation/ power system analysis/ design options/ physical delivery/ financing and governance/ offer construction**
- ◆ **Customers can elect variable or fixed fees**
- ◆ **Fee refunded on completion**

## Drivers for Change

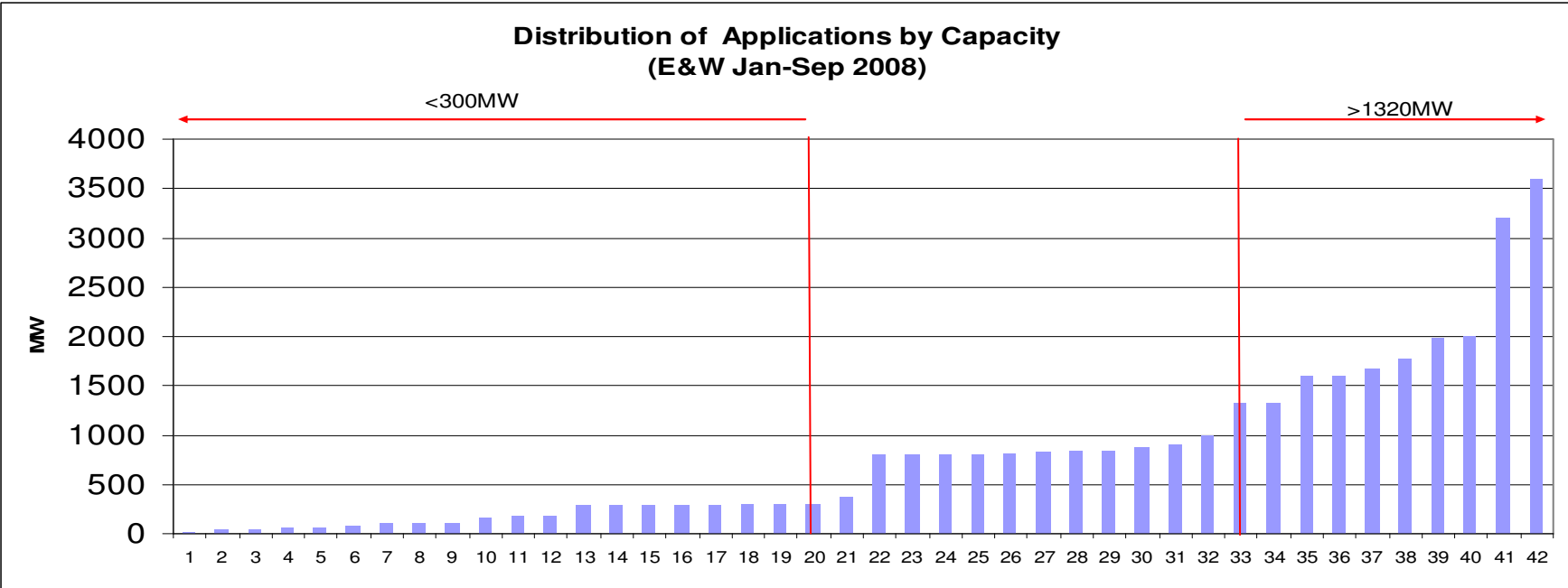
- ◆ Not been reviewed since BETTA
- ◆ Maximise clarity and simplicity for customers
- ◆ Take account of very large applications
- ◆ Take account of the offshore regime

# Proposal 1 – Revise Capacity Thresholds

5 Current Categories (MW)
<100
100-300
300-500
500-1000
>1000

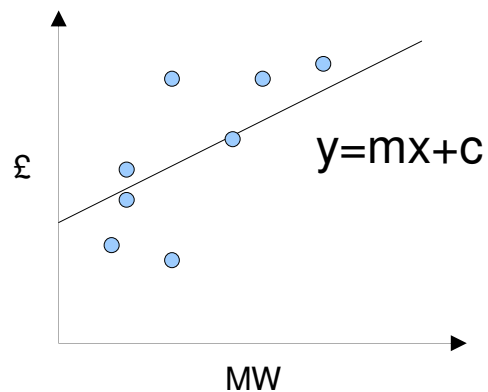


3 Proposed Categories (MW)
<300
300-1320
>1320



## Proposal 2 – Maintain Cost Reflectivity

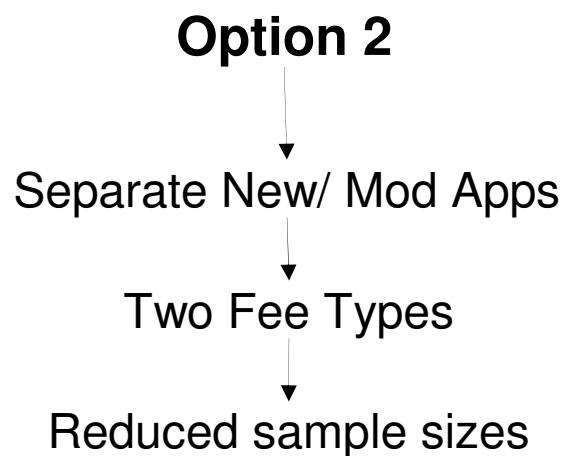
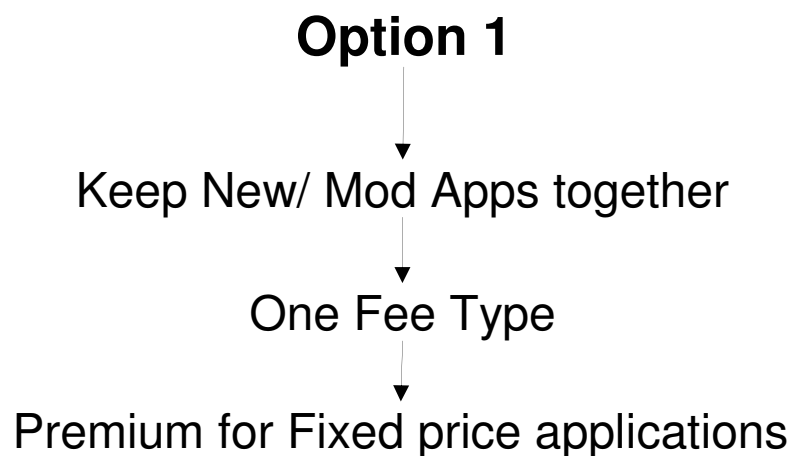
	Core Fee	
Capacity Band	Base (£)	Rate (£/MW)
<300	c	m
300-1320		
>1320		



For each capacity threshold

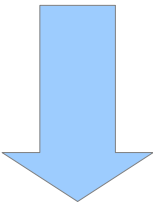
## Proposal 3 – Premium for Fixed Fees

- ◆ In these proposals, new application fees are categorised together with modification applications
- ◆ New applications are generally (but not always) more expensive than mod apps

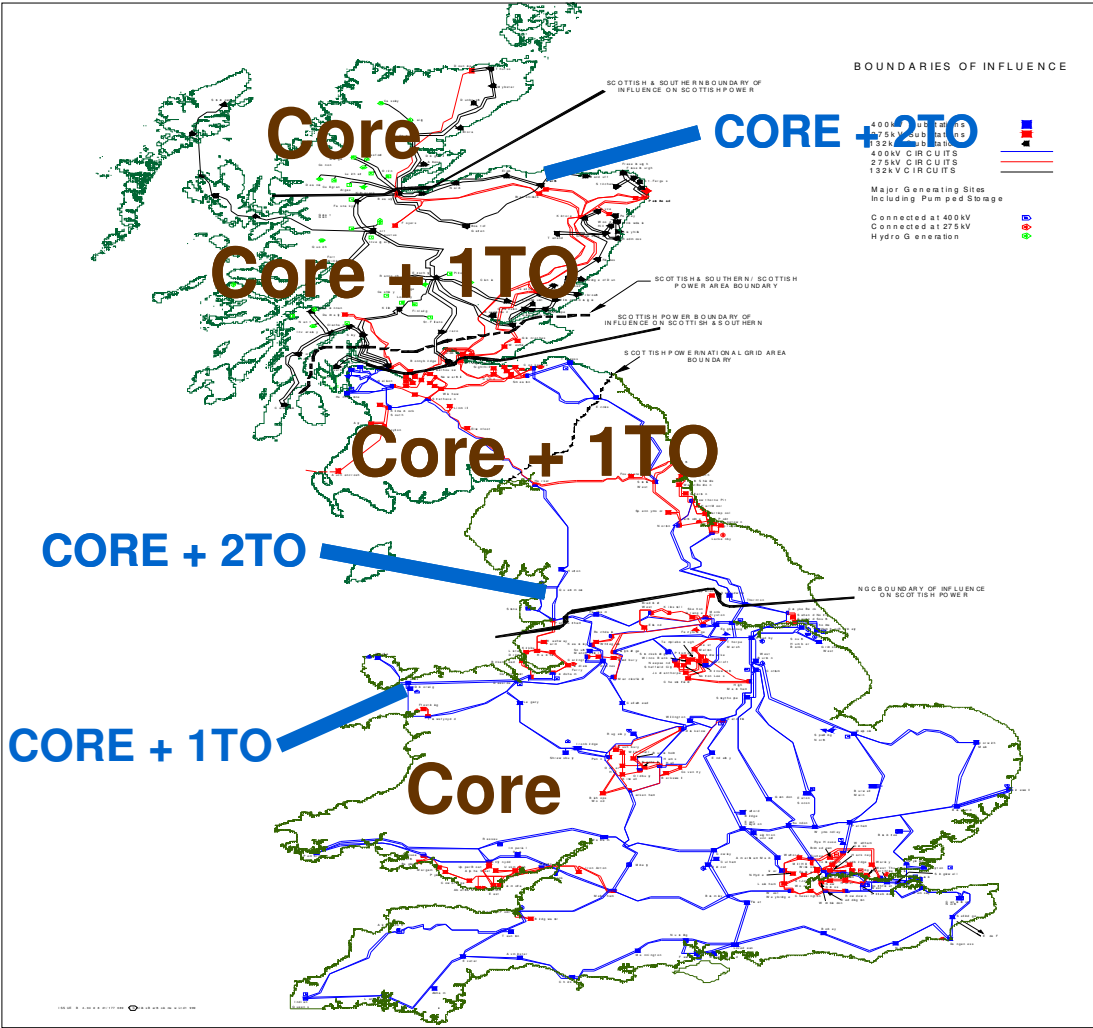


# Proposal 4 - Simplify Zoning

Current Zones
NGET South
NGET North
SPT South
SPT North
SHETL South
SHETL North



Proposed Zones
Core
(x) TO



**Accommodates Offshore**

# Proposal 5 – Treatment of Offshore Generation

## ◆ Four challenges

- ◆ No cost precedent
  - application fees on an indicative basis only
  - per onshore connection point
  - all fees capped at £400k
- ◆ Zone applicability – as above
- ◆ Two stage offer process
  - Number of fees and reconciliation process
- ◆ Embedded transmission
  - any DNO charges passed on to customer

# Proposal 6 – Table Restructure

## Prices for New Bilateral Agreements and Modifications to Existing Bilateral Agreements

Add 

**ENTRY**

New/ Mod/ Change MW	Core Fee		Per additional TO involved		Fixed Price
	Base (£)	Rate (£/MW)	Base (£)	Rate (£/MW)	
<300					+X%
300 to 1320					+Y%
>1320					+Z%

*\* Offshore Indicative Only*

Directly connected only reactive service provider

Suppliers and Interconnector Users

Non LDTEC products (TEC Trading, STTEC, SNSTF, Permanent TEC Exchange)

LDTEC

Temporary TEC Exchange Rate Request

Table 14

Table 15

No change
No change

**EXIT**

New Supply Point

Addition/ Reduction of transformer at existing site

Modification to current scheme in progress

Request for Statement of Works at existing supply point

Modification application following request for Statement of Works


**OTHER**

Other contract changes

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*All prices quoted do not include VAT*

*Application fees are refundable upon completion of the scheme*

## Next Steps

- ◆ Gather Industry Responses
  - ◆ 6 responses so far, expecting a further 3
- ◆ Respond to issues raised – early Feb
  - ◆ Make modifications and communicate final proposals
- ◆ Implementation 1<sup>st</sup> April 2009