

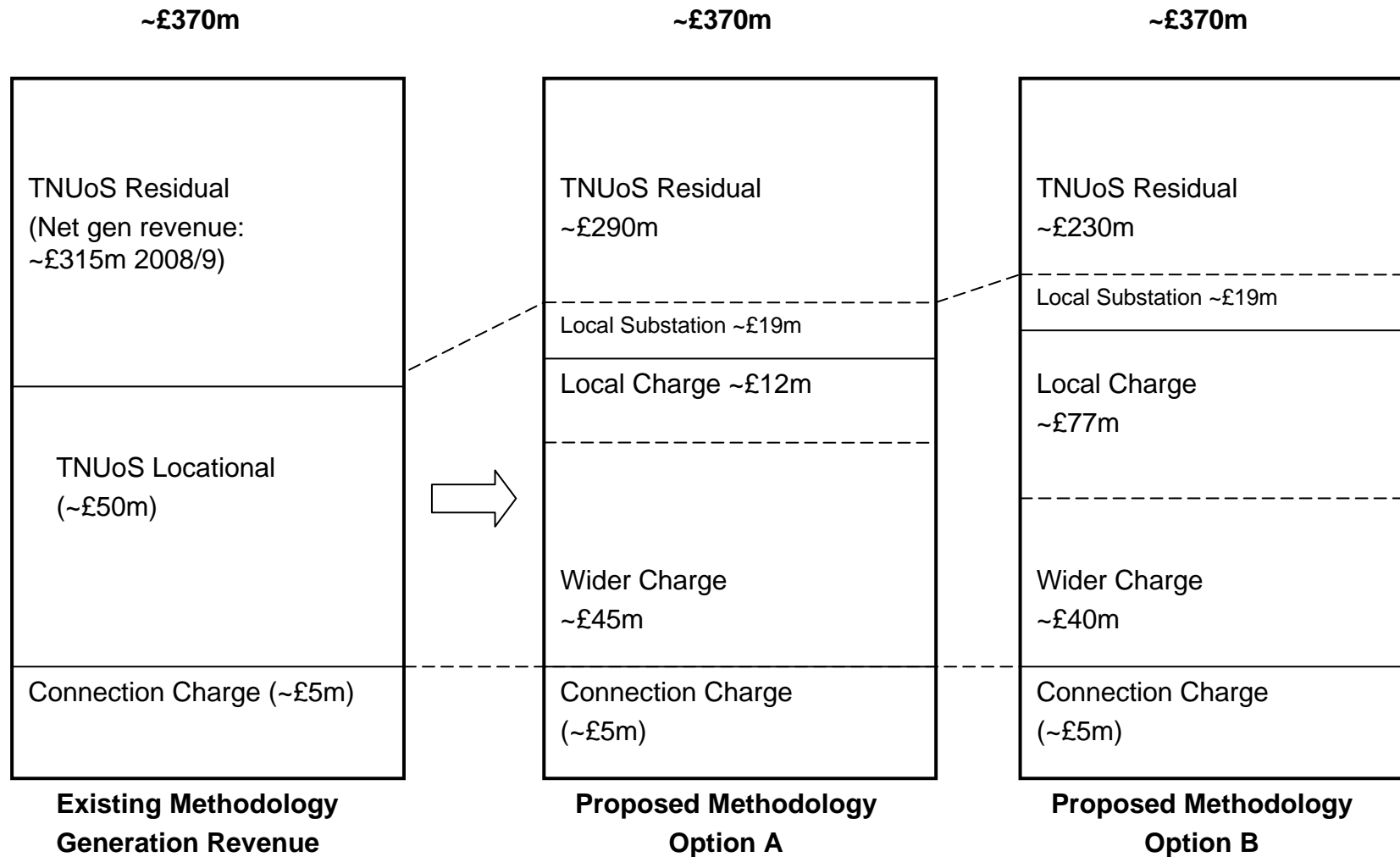
Local asset charging arrangements – Consultation final draft

TAR Meeting 7
29 July 08

Key features and new work

- ◆ Longer executive summary
- ◆ Background & work to date in Appendix
- ◆ 2 complete solutions presented – both have the same substation local charge

Effect on total generation revenue



A – Specific treatment of generation connections

- ◆ Deterministic criteria to ID ‘MITS Nodes’
- ◆ Those not at a MITS node pay a circuit Local charge – function of marginal km cost along ‘local circuits’
- ◆ Local Charge calculated with more cost specific EFs
 - ◆ No uprating factor for local component
- ◆ Security multiple; 1.0: single circuit; 1.8 (LSF): redundancy
- ◆ Substation charge for all directly connected gen
- ◆ Capped at zero

Option B – Distance to iso-economic contour

- ◆ Uses a Secured Load flow (Seculf) – automatically factors in security
- ◆ Local charge based on MWkm difference between a gen node and the lowest cost node in the zone
- ◆ 132kV OHL EF split into four Local EFs – applied to the base model i.e. both wider and local. Hard/complex to disaggregate
- ◆ Wider zonal tariff based on Seculf as well.
- ◆ Uprating factor applied to both wider and local charges

Substation Local Charge

		Substation Local Charge (£/kW)		
		132kV	275kV	400kV
<1320MW	Single	0.129	0.078	0.063
<1320MW	Double	0.291	0.186	0.150
>1320MW	Single	-	0.249	0.201
>1320MW	Double	-	0.404	0.325

- ◆ **More cost reflective than the existing £/kW approach but generic configurations will ‘fit’ every connection**
- ◆ **Apportioned on capacity booked rather than the capacity installed**
 - ◆ **Consistent with Charging Methodology e.g. use of OHLs**
 - ◆ **Will limit the investment signal**

Indicative Charges

Demand

- ◆ Option A does not effect demand tariffs
- ◆ Option B implements the revised Expansion Factors (for 132kV OHLs) to the base DCLF model – effects demand and generation.

Indicative Charges

- ◆ Based on 2008/9 data on a nodal basis for both options