

The National Grid Company plc

**Use of System Charging Methodology
Modification Proposal**

UoSCM-M-01

**Clarification Modification to
The Statement of the
Use of System Charging Methodology
and
The Statement of Use of System Charges**

19 September 2001

Table of Contents

EXECUTIVE SUMMARY	1
Outline of Proposed Modification	1
UoSCM-M-01 (a)	1
UoSCM-M-01 (b)	3
UoSCM-M-01 (c)	4
UoSCM-M-01 (d)	6
UoSCM-M-01 (e)	7
UoSCM-M-01 (f)	8
UoSCM-M-01 (g)	9
UoSCM-M-01 (h)	10
UoSCM-M-01 (i)	11
1. INTRODUCTION.....	12
2. BACKGROUND TO THE ISSUES	12
3. EXPLANATION OF THE ISSUES.....	12
4. PROPOSED MODIFICATIONS.....	12
Proposed Changes to the Use of System Charging Methodology	12
Proposed Changes to the Statement of the Use of System Charging Methodology	12
Proposed Changes to the Statement of Use of System Charges	13
Indicative Impact on the Use of System Charges.....	13
Impacts on Other Industry Documents.....	13
5. RESPONSES TO THIS CONSULTATION	13

Executive Summary

This paper sets out for consultation National Grid's proposed modification to the Statement of the Use of System Charging Methodology and the Statement of Use of System Charges to improve their accuracy and clarity.

Outline of Proposed Modification

UoSCM-M-01 (a)

Description of proposed modification
To clarify the parties liable for Supplier demand charges.
Explanation of the issue
The current description of parties liable for "charges for Supplier demand" is over complex.
Justification for proposed modification
To improve clarity of the Statement.
Suggested alternatives
None.
Implementation date
Effective from 1 October 2001.
Proposed changes to the Statement of the Use of System Charging Methodology
Page 20, Paragraphs 4.1 and 4.2 "For the purpose of this section Trading Units that are liable for Transmission Network Use of System Demand Charges are termed Suppliers. Licensed Parties that form Trading Units that contain The Lead Party of a Supplier BM Units that are classed as consumption are is liable for demand charges for the Trading Unit it belongs to. For the purposes of this document we have defined the above parties as Suppliers. Appendix TN-5: Classification of parties for charging purposes and what Transmission Network Use of System charges they will be liable for provides an illustration, for information purposes, of how a party is classified and for what charges they will be liable for.
Proposed changes to the Statement of Use of System Charges
None.
Impacts on existing Use of System charges
None.

Impacts on other Industry Documents

None.

UoSCM-M-01 (b)

Description of proposed modification
To clarify the rules regarding generators' liability for demand charges.
Explanation of the issue
The current description of the liability does not explain that where generators import over Triad, it is the average import over the three settlement periods of the Triad that forms the basis of the demand charges.
Justification for proposed modification
To improve clarity of the Statement.
Suggested alternatives
None.
Implementation date
Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology
Page 23, Paragraph 5.4 "If a Trading Unit is a net importer during any Settlement Period of the Triad then the BM Units within it will also be liable for Transmission Network Use of System Demand charges for that the average import over the Triad . The only exception to this criteria criterion is if the Trading Unit is comprised solely of the Station Load of a Licensed Power Station and that the Power Station is a net exporter at the Triad. For the avoidance of doubt, if the Power Station is a net importer at Triad it will be liable for Transmission Network Use of System Demand Charges."
Proposed changes to the Statement of Use of System Charges
None.
Impacts on existing Use of System charges
None.
Impacts on other Industry Documents
None.

UoSCM-M-01 (c)

<p>Description of proposed modification</p> <p>To clarify the definition of the Chargeable Generation Capacity for negative charging zones.</p>
<p>Explanation of the issue</p> <p>The current description of of the Chargeable Generation Capacity for negative charging zones omits the fact that the comparison of the maximum Generation Capacity and metered output is done seperately for each of the three settlement periods and before being averaged.</p>
<p>Justification for proposed modification</p> <p>To improve clarity of the Statement.</p>
<p>Suggested alternatives</p> <p>None.</p>
<p>Implementation date</p> <p>Effective from 1 October 2001</p>
<p>Proposed changes to the Statement of the Use of System Charging Methodology</p> <p>Page 24, Paragraph 5.9 "Chargeable Generation Capacity for negative charging zones is the average of: the lower of,</p> <ul style="list-style-type: none">i.) The sum of the highest Generation Capacity submitted for settlement purposes for each BM Unit within the Trading Unit from the beginning of April until the end of February for that Financial Year; andii.) The sum of BM Unit Metered Volumes ($\sum Q_{m_{ij}}$) for each BM Unit within the Trading Unit (converted to average capacity over the half hour, i.e. volume divided by 0.5 hour); <p>during for each of the three settlement periods described below.</p> <p>The three settlement periods that are those of the highest $\sum Q_{m_{ij}}$ and the two half hour settlement periods of the next highest $\sum Q_{m_{ij}}$ which are separated from the highest $\sum Q_{m_{ij}}$ and each other by at least 10 clear days between November 2001 and February 2002 inclusive. These settlement periods do not have to coincide with the Triad."</p>
<p>Proposed changes to the Statement of Use of System Charges</p> <p>None.</p>

Impacts on existing Use of System charges

None.

Impacts on other Industry Documents

None.

UoSCM-M-01 (d)

Description of proposed modification
To clarify the capping of the useable Triad Benefit.
Explanation of the issue
There is a need to clarify that the total useable Triad Benefit for a Supplier is limited to its total demand charge liability. The capping of Triad Benefit is applied consistently to all modes of Triad Trading (both CVA and SVA). The current wording describing the rules for Triad Trading for SVA registered Licence Exemptable Generators need to be made clearer to avoid any confusion.
Justification for proposed modification
To improve clarity of the Statement.
Suggested alternatives
None.
Implementation date
Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology
Page 27, Paragraph 5.30 "The output of generators not registered as BM Units will have already been accounted for in the Supplier(s) demand figures upon which NGC Transmission Network Use of System Demand charges are based; therefore no further adjustments will take place. <i>For avoidance of doubt, if the Triad Benefit resulting from the total output of the generators (whether or not registered as separate BM Units) belonging to a Trading Unit exceeds the total TNUoS demand charge for the Supplier BM Unit in the same Trading Unit, then the residual will be disregarded.</i> There is nothing in these arrangements that precludes Suppliers and Generators from establishing contracts that enable the separate trading of energy and Triad benefits. These contracts can be facilitated through the Triad Trading Code of Practice. Further details on the Code of Practice are available from the Charging Team. "
Proposed changes to the Statement of Use of System Charges
None.
Impacts on existing Use of System charges
None.
Impacts on other Industry Documents
None.

UoSCM-M-01 (e)

Description of proposed modification To correct typographic errors in Transport Model example.
Explanation of the issue To correct typographic errors in Transport Model example.
Justification for proposed modification To improve accuracy of the Statement.
Suggested alternatives None.
Implementation date Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology Page 38, Paragraph (ii) “sum the generation demand weighted nodal shadow cost to give a zonal figure. For zone 8-12 this is shown in the above table and is -261.39km 261.39km .”
Proposed changes to the Statement of Use of System Charges None.
Impacts on existing Use of System charges None.
Impacts on other Industry Documents None.

UoSCM-M-01 (f)

Description of proposed modification To correct typographic errors in figures for Bpext.
Explanation of the issue Figures shown are in £,000s. Need to add three zeros at the end.
Justification for proposed modification To improve accuracy of the Statement.
Suggested alternatives None.
Implementation date Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology Page 52, Table 4, second column Bpext £358,500,000 £471,000,000 £0 £500,000,000 £625,000,000
Proposed changes to the Statement of Use of System Charges None.
Impacts on existing Use of System charges None.
Impacts on other Industry Documents None.

UoSCM-M-01 (g)

Description of proposed modification To correct typographic errors in units shown for FSOINT in BSUoS example.
Explanation of the issue No need for £k in title.
Justification for proposed modification To improve accuracy of the Statement.
Suggested alternatives None.
Implementation date Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology Page 62, Table BS2, first column. FSOINT (£k) FSOINT < £50,000k FSOINT = £50,000k FSOINT > £50,000k
Proposed changes to the Statement of Use of System Charges None.
Impacts on existing Use of System charges None.
Impacts on other Industry Documents None.

UoSCM-M-01 (h)

Description of proposed modification To correct the erroneous reference to MCUSA in the introductory text of Glossary.
Explanation of the issue Change MCUSA to CUSC.
Justification for proposed modification To improve accuracy of the Statement.
Suggested alternatives None.
Implementation date Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology Page 74, first paragraph. “The following definitions are intended to assist the reader’s understanding of this document. In the event of conflict with definitions given elsewhere, those used in the Electricity Act 1989, Transmission Licence, Grid Code, Balancing and Settlement Code and Master-Connection and Use of System Agreement Code take precedence.”
Proposed changes to the Statement of Use of System Charges None.
Impacts on existing Use of System charges None.
Impacts on other Industry Documents None.

UoSCM-M-01 (i)

Description of proposed modification To correct typographic errors in figures for Bpext in the Statement of Use of System Charges.
Explanation of the issue Figures shown are in £,000s. Need to add three zeros at the end.
Justification for proposed modification To improve accuracy of the Statement.
Suggested alternatives None.
Implementation date Effective from 1 October 2001
Proposed changes to the Statement of the Use of System Charging Methodology None.
Proposed changes to the Statement of Use of System Charges Page 12, Table of Incentivised External SO Costs, second column. Bpext £358,500,000 £471,000,000 £0 £500,000,000 £625,000,000
Impacts on existing Use of System charges None.
Impacts on other Industry Documents None.

1. Introduction

National Grid is obliged under the Transmission Licence:

- (i) to make revisions to the Charging Statements in order that the information set out in these statements shall continue to be accurate in all material respects;
- (ii) to keep the Use of System Charging Methodology at all times under review;
- (iii) to make such modifications of the Use of System Charging Methodology as may be requisite for the purpose of better achieving the relevant objectives, which are:
 - a. to facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
 - b. to result in charges which reflect, as far as reasonably practicable, the costs incurred by National Grid in its Transmission Business; and
 - c. to take account of the developments in National Grid's Transmission Business.

Before making a modification to the Use of System Charging Methodology, National Grid is also required by the Transmission Licence to consult with CUSC Users on the proposed modification and allow them a period of not less than 28 days within which to make written representations. The Authority has the right, however, to consent to a shorter period.

The purpose of this document is to set out for consultation National Grid's proposal to modify the Statement of the Use of System Charging Methodology and the Statement of Use of System Charges to improve their accuracy and clarity.

2. Background to the Issues

See details provided in each individual modifications in Executive Summary.

3. Explanation of the Issues

See details provided in each individual modifications in Executive Summary.

4. Proposed Modifications

Proposed Changes to the Use of System Charging Methodology

The Use of System Charging Methodology is not affected by these modification.

Proposed Changes to the Statement of the Use of System Charging Methodology

It is proposed that the Statement of the Use of System Charging Methodology be modified as indicated in the Executive Summary.

Proposed Changes to the Statement of Use of System Charges

It is proposed that the Statement of Use of System Charges be modified as indicated in the Executive Summary.

Indicative Impact on the Use of System Charges

None.

Impacts on Other Industry Documents

None.

5. Responses to this Consultation

Comments and views are invited on all the issues raised in this consultation document. In order that your comments and views are included in National Grid's report to the Authority, responses must be received by **25 September 2001**. If you wish to provide comments on this review, then responses are welcome via e-mail to:

min.zhu@uk.ngrid.com

Or alternatively, written comments may be addressed to:

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