

GB Charging Issues

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Final Methodologies Conclusions Report

- A total of 44 responses received
- 14 respondents supported NGC's preferred UoS methodology
- 12 respondents supported NGC's alternative UoS methodology
- 10 respondents did not support either methodology option
- 8 did not express a view on their preference
- 5 respondents expressed support for the proposed approach for connection charging

Final Methodologies Conclusions Report – Issues raised

- Meeting objectives (competition and cost reflectivity)
- Expansion constant and spare capacity
- Expansion Factors
- G:D split
- Security Factor
- Other modelling issues
- 2km rule
- Draft charging statements

Final Methodologies Conclusions Report: Revised Final Methodologies Proposals

- Weighting 275kV Expansion factor in Scenario B
- Interconnector Asset Owners
- Interconnector Emergency Instructions
- Final Metering Scheme/Energy Metering Systems
- Demand Modelling
- BSC Requirements for Small Generators
- Draft charging statements

Final Methodologies Conclusions Report - Recommendation

- Two Transmission Network Use of System methodologies proposed as achieving licence objectives
 - Preferred Multi Voltage option (Scenario B)
 - Alternative Single Voltage option (Scenario A)
- Single GB connection methodology
- Single BSUoS methodology

Ofgem Impact Assessment

Supplementary information request

Ofgem's Impact Assessment published on the 15 October included a request for additional information in three key areas:

1. Spare Capacity
2. Security factor
3. Stability

Response published on 22 October and available on National Grid's industry information website:

http://www.nationalgridinfo.co.uk/betta/gb_consultations.html

Next steps - Indicative Timetable

- 29 October 04 – Comments on draft methodology statements
- 12 November 04 – Ofgem consultation and Impact Assessment closes
- November 04 - Authority decision
- End December 04 – Indicative Connection charges
- January 05– Indicative tariffs
- 31 January 05 - Final Tariffs/Connection charges published
- January-February 2005: Statement of Use of System Charges

Small Generators Interim Measure

- National Grid's Standard Licence Condition C13
 - Reduce generation TNUoS tariff by designated sum
 - Increase demand TNUoS tariffs by unit amount to recover "lost" revenue
 - Eligibility criteria
 - Self contained under/over recovery mechanism
- Example:
 - Designated sum = £5/kW : 1GW of Eligible Generation
 - Year 1 Lost Revenue = £5m ; Under/over recovery = 0
 - Total Year 1 Unit Amount Revenue Recovery = £5m
 - Year 1 Unit Amount = £0.09k/W
 - Year 2: Under recovery in Year 1 = £1m ; Lost Revenue = £5m
 - Total Year 2 Unit Amount revenue recovery = £6m
 - Year 2 Unit Amount = £0.10/kW

Assistance for Areas with High Electricity Distribution Costs

- DTI consultation published on 20 October 2004
- Charge proposals:
 - Suppliers liable for p/kWh charge
 - Quarterly ex-post billing using actual settlement data
 - First bill in mid August; 2 months notice in June ; 30 day payment terms
 - Penal interest on non-payment of base rate plus 8%
 - Under/over recovery
 - Embedded generation
- Example:
 - £40m subsidy cost recovery from 330TWh of supplier demand
 - Supplier charge = 0.12p/kWh
- Closing date for DTI consultation: 27 December 2004

Renewables in peripheral areas

- Awaiting DTI consultation

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