

CMP203 TNUoS Charging Arrangements for Infrastructure Assets Subject to One-Off Charges



CUSC Panel – 16th December 2011
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Background

- One-off charges are levied when a TO is required to carry out works on the transmission system associated with providing or modifying a customer's connection where:
 - The cost cannot be capitalised into a connection/infrastructure asset;
 - Where a non-standard incremental cost is incurred as a result of a customer's request; or
 - Termination Charges associated with connection asset write-offs.
- One-off charges can apply to both connection and infrastructure assets.
- The associated TO revenue is separate from the price controlled allowance.

Summary of Defect

- The defect has been observed in the small number of cases where one-off charges have been issued, following user requests to undergrounding of enabling infrastructure works for generation connections.
- The current TNUoS Charging Methodology considers the type of asset actually installed when applying an expansion factor (annuitised costs) to a circuit.
- No consideration of any one-off charges paid in relation to infrastructure assets is made.
- This means that a generator effectively pays more than the additional cost of undergrounding.
- Other scenarios (e.g. resulting from re-routing of works) although not experienced to date are also possible.

Proposed CUSC Modification

- Modification of Section 14: Charging Methodologies.
- It is proposed that the TNUoS Charging Methodology is modified to reflect User funding of one-off works in relation to infrastructure assets.
- This will be achieved through the alteration of the characteristics of relevant assets in the tariff calculation so that they reflect their original design, prior to the one-off works being undertaken.
- The asset cost used under the proposal will reflect that fed into the TO's Regulatory Asset Base.

Justification against Applicable CUSC Objectives

- Improved cost reflectivity of charges through the removal of duplication of one-off charges through TNUoS.
- As the defect only effects a number of users, the change removes a barrier to their competitiveness in the market.
- Increased transparency of the TNUoS charging arrangements in respect of assets subject to one-off charges, will act as an enabler for further user choice connections.

SCR Interaction

- The issue has a material financial impact on a small number of parties.
- The forecast charge reduction associated with the proposal would equate to a £2.57/kW per 10km of single circuit 132kV cable that is undergrounded at the request of a user.
- The defect will not be directly considered by the SCR process, and as a consequence may not be resolved.
- Due to the materiality National Grid believes there is merit in progressing the proposed modification in parallel to the SCR.

Code Administrator Proposed Progression

- The Panel is asked to:
 - AGREE that materiality of the defect is such that the modification proposal should proceed in parallel with the ongoing SCR; and
 - AGREE the establishment of a Workgroup to develop the proposal

Code Administrator Proposed Timetable

16 December 2011	Panel to agree progression
17 January 2012	First Workgroup meeting
30/31 January 2012	Second Workgroup meeting (adjacent to TCMF)
9 February 2012	Third Workgroup meeting (if required)
13 February 2012	Issue draft Workgroup Consultation for Workgroup comment (5 days)
21 February 2012	Deadline for comments on draft Workgroup Consultation
22 February 2012	Publish Workgroup consultation (for 3 weeks)
14 March 2012	Deadline for responses to Workgroup consultation
20 March 2012	Post-consultation Workgroup meeting
3 April 2012	Circulate draft Workgroup Report (2 week comment due to Easter period)
17 April 2012	Deadline for comment on Workgroup report
19 April 2012	Submit final Workgroup report to Panel Secretary
27 April 2012	Present Workgroup report to CUSC Modifications Panel

Questions?

