Transmission Charging Methodologies Forum







Thursday 17th July 2014

Introduction & Welcome







William Kirk-Wilson

Agenda

11:00	Introduction – William Kirk-Wilson
11:10	Safety Moment and Fire Procedure
11:15	Code modifications update – David Corby
11:25	Review of TNUoS Forecasting timeline and content – Stuart Boyle
11:55	Exporting GSPs – Andy Wainwright
12:20	Understanding your needs - Andy Wainwright
12:30	Lunch
13:15	Charges associated with delay to connection – Charon Balrey
13:30	Flexible TEC – Nick Pittarello
14:00	Statement of Works – David Corby
14:20	Biddable Indexation – Wayne Mullins
14:40	Future Topics – David Corby
14:50	AOB
15:00	Close

Safety moment







David Corby

Safety Moment - Holidays

- Safety over the summer holidays covers a huge variety of subjects
 - UK or abroad?
 - Family or adult?
- We have probably all had experiences of one kind or other, and we can share our experiences to help each other avoid pitfalls



What are your experiences?







Ongoing modification proposals







David Corby

Ongoing modifications proposals 1 of 4

CMP201: Removal of BSUoS charges from Generation

 Ofgem believe the mod better meets CUSC objectives, but not their wider statutory duties. Ofgem minded to position: reject

CMP213: Project Transmit TNUoS Developments

- Ofgem approved on 11th July 2014.
 - Specifically WACM2.
 - Implementation in April 2016
- We are currently taking preparatory steps to ensure that system changes can be in place by the implementation date.

Ongoing modifications proposals 2 of 4

CMP222: User Commitment for Non-Generation Users

- Sent to Ofgem in June. Anticipate Ofgem impact assessment
- Ofgem have indicated that a decision may take up to 6 months
- Decision required before 1st December 2014 to meet the 1st April 2015 securities period

CMP223: Arrangements for Relevant Distributed Generators Under the Enduring Generation User Commitment

- Options consider the risk being backed-off through the DNO or NG licence, or via a direct contract between the Distributed Generator and NG
- Sent to Ofgem in July
- Timescale minimum of six months; a decision is needed by the end of September to implement in time for the April 2015 securities period
- There may be a requirement for a consequential developments in other industry frameworks

Ongoing modifications proposals 3 of 4

- CMP224: Cap on the total TNUoS target revenue to be recovered from generation users
 - On July 14th Ofgem opened a consultation on their `minded-to' implement position
 - Responses are due by 13th August.
- CMP227 Reduce the G:D split of TNUoS charges, for example to 15:85
 - The Workgroup decided to consult the industry on a number of alternatives
 - The Workgroup consultation is planned for August
 - Implementation / transition to be discussed by the workgroup

Ongoing modifications proposals 4 of 4

- CMP228 Definition of Qualified Bank
 - The modification was implemented under self-governance process on 7th July.
- CMP231 EMR Preparatory Costs (Fast Track)
- CMP232 Demand Side Balancing Reserve and Supplemental Balancing Reserve Cost recovery Restriction (Fast Track)
 - These modifications are consequential to licence changes.
 - The CUSC Panel approved them both as fast track mods on 27th June
 - Objections to be received by 21st July
 - Charges to be levied via BSUoS

TNUoS Tariff Forecasts







Stuart Boyle 17 July 2014

What I'm going to talk about

- Improvements to revenue information
- The revenue timetable
- July forecast

Revenue Information

- Existing revenue information provides a breakdown by Transmission Owner
- Some, but not all, assumptions are set out in the supporting text
- Customers have requested more detail so that they can model their own assumptions
- ChUG TO/SOs have agreed a new Revenue Forecast template

15/16 Revenue Forecast £m Nominal	Jan 2014 Initial View	April 2014 Update	Difference
National Grid	1,855.6	1,851.6	-4.1
Scottish Power	332.5	331.8	-0.7
Scottish Hydro Electricity	215.7	215.2	-0.5
Offshore	276.4	276.4	0.0
Network Innovation Competition	16.7	16.6	0.0
Maximum Revenue	2,696.9	2,691.6	-5.3
Pre-vesting connections	47.0	47.0	0.0
TNUoS	2,650.0	2,644.7	-5.3
Maximum Revenue	2,696.9	2,691.6	-5.3

Additional Onshore TO information

- Breakdown of the revenue forecast into:
 - Base allowances
 - Adjustments to base allowance (MOD, TIRG)
 - Inflation (Forecast by NG)
 - Base rates (Forecast by NG)
 - Pass through (Licence fee, rates, inter-TSO, disconnections, terminations, NIC)
 - Incentives (SF6, Stakeholder, Reliability, Connections)
 - Under/over recovery
 - Non-TNUoS income

Additional offshore TO information

- Existing OFTOs revenue broken down by network
- Future OFTO revenue grouped by year of transfer
 - Transfer value and transfer date are commercially sensitive until transfer takes place

New Revenue Templates

C Control Francisal Model Internation Adjustment Thomas Sp. C Edendar Trans BM Forecast	A1 A2 A3 G	RPIAL It PUT MODE TRUE GRPIFC-1 GRPIFC-1	Special Condition 3A 3A 3A 3A 3A 3A	Applicable to ALL ALL	Yr t-1 2013/14 0.0 0.0000 0.00%	Yr t 2014/15	Yr t+1 2015/16	Yr t+2 2016/17	Yr t+3 2017/18		Notes April to March average
and RM Actival unused interest Rates unused unused Rates unused Rates unused Rates unused Rates unused unused Rates unused Rates unused Rates unused Rates unused unused Rates unused unused Rates unused	A2 A3 C A4 A	RPIAt It PUt MODt TRUt GRPIFc-1	3A 3A 3A 3A 3A	ALL	2013/14 0.0 0.0000 0.000%	2014/15				2018/19	
and RM Actival unused interest Rates unused unused Rates unused Rates unused Rates unused Rates unused unused Rates unused Rates unused Rates unused Rates unused unused Rates unused unused Rates unused	A2 A3 C A4 A	It PUt MODt TRUt GRPIFc-1 GRPIFc	3A 3A 3A 3A		0.0000		1013/10	2020/27	2027/20		
Actual magnet interest Earts magnetis interest Earts (1988 Earts Enterest Millourismost (2000/12) prices) (1988 Earts Enteresta Millourismost (2000/12) prices) (1988 Earts Enterest Earts Enterest Earts Earts Enterest Earts Enterest Earts Enterest Earts Enterest Enterest Earts Enterest Earts Enterest Earts Enterest Enterest Enterest Earts Enterest Earts Enterest Enterest Earts Enterest Earts Enterest Earts Enterest Earts Enterest Enterest Earts Enterest Earts Enterest Earts Enterest Earts Enterest Enter	A2 A3 C A4 A	It PUt MODt TRUt GRPIFc-1 GRPIFc	3A 3A 3A 3A		0.0000	0.000					
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C Control Francisal Model Internation Adjustment Thomas Sp. C Edendar Trans BM Forecast	A2 A3 C A4 A	MODt TRUt GRPIFc-1 GRPIFc	3A 3A		0.0		0.00%	0.00%	0.00%		Bank of England Base Rate
Time Lip Carlesian Fara RRF Forecast rest Calendar Fara RRF Forecast rest Calendar Fara RRF Forecast Calendar Fara RRF Forecast Contents and Calendar Fara RRF Forecast Operation Contents and Calendar RRF Operation RRF Operation Calendar RRF Operation Calendar RRF Operation RRF Operation Calendar RRF Oper	A3 (C	TRUt GRPIFc-1 GRPIFc	3A	ALL		0.0	0.0	0.0	0.0		From Licence
C C C C C C C C C C	A4 A	GRPIFc-1 GRPIFc				0.0	0.0	0.0	0.0	0.0	Determined by Ofgem/Licensee forecast
rent Calendar Year RF Forecast 1 Calendar Year RF Forecast 1 Calendar Year RF forecast 1 Forecast 8 Revenus (ar(A1+A2+A3)*A4) 1 Though Business Rates 1 poporary Physical Disconnection 1 fonce Fee	A4 A	GRPIFc	3A	ALL		0.0	0.0	0.0	0.0		Licensee Actual/Forecast
It Calendar Year RPF forecast forecast forecast ### Revenue [Ast A1+A2+A3]*A4] ### Through Business Rates goozay Physical Disconnection force Fee #### Through Business Rates ###################################	A4 A			ALL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	HMTreasury Forecast then 2.8% as per ET1 model
Forecast Revenue [A=(A1+A2+A3)*A4] - Through Business Rates poparary Physical Disconnection more Fee	A4 A	GRPIFc+1	3A	ALL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	HMTreasury Forecast then 2.8% as per ET1 model
e Revenue [A=(A1+A2+A3)*A4] 5 Through Business Rates proprary Physical Disconnection nnce Fee	А		3A	ALL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	HMTreasury Forecast then 2.8% as per ET1 model
s-Through Business Rates nporary Physical Disconnection Innec Fee	А	RPIFt	3A	ALL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	Using HM Treasury Forecast
nporary Physical Disconnection I ence Fee I		BRt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	and the second second
ence Fee	B1	RBt	3B	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast
ence Fee	B2	TPDt	3B	ALL		0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
	B3	LFt	3B	NG			0.0	0.0	0.0	0.0	Licensee Actual/Forecast
r TSO Compensation	B4	ITCt	3B	NG			0.0	0.0	0.0		Licensee Actual/Forecast
		TERMt	3B	NG	0.0	0.0	0.0	0.0	0.0		Does not affect TNUoS
	86	TSPt	3B	NG	0.0	0.0	0.0	0.0	0.0		From STP Tab
Transmission Pass-Through	B7	TSHt	3B	NG	0.0	0.0	0.0	0.0	0.0	0.0	From SHETL tab
shore Transmission Pass-Through	RR ·	TOFTOR	3R	NG	0.0	0.0	0.0	0.0	0.0	0.0	From OFTO tah
	B9	OFETt	3B	NG	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
s-Through Items [8=81+82+83+84+85+86+87+88+89]	В	PTt	3B	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
lability Incentive Adjustment	C1	Rit	3C	ALL	0.0		0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
keholder Satisfaction Adjustment	C2	SSOt	3D	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
ohur Hexafluoride (SF6) Gas Emissions Adjustment	C3	SFIt	3E	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
arded Environmental Discretionary Rewards	C4	EDRt	3F	ALL			0.0	0.0	0.0	0.0	Only includes EDR awarded to licensee to date
touts Incentive Revenue (C=C1+C2+C3+C4)	С	OIPt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
work Innovation Allowance	D	NIAt	3H	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
work Innovation Competition	E	NICFt	31	NG	0.0	0.0	0.0	0.0	0.0	0.0	Sum of NICF awards determined by Ofgem/Fore cast by National Grid
ure Environmental Discretionary Rewards	F	EDRt	3F	ALL			0.0	0.0	0.0	0.0	Sum of future EDR awards forecast by National Grid
nsmission Investment for Renewable Generation	G	TIRGt	3J	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
ttish Site Specific Adjustment	н	DISt	3A	NG	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
ttish Terminations Adjustment	1	TSt	3A	NG	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
rection Factor	K	-Kt	3A	ALL	0.0		0.0	0.0	0.0	0.0	Calculated by Licensee
ximum Revenue [M= A+B+C+D+E+F+G+H+I+K]	м	TOt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	
mination Charges	BS			NG	0.0	0.0	0.0	0.0	0.0	0.0	
vesting connection charges	Р			ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
JoS Collected Revenue [T=M-BS-P]	Т			NG	0.0	0.0	0.0	0.0	0.0	0.0	
al Collected Revenue	U	TNRt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
ecast Over / (Under) Recovery [V=U-T]	V			ALL	0.0	0.0	0.0	0.0	0.0	0.0	
ecast percentage change to Maximum Revenue M				NG		#D(V/0!	#D(V/0!	#DIV/0!	#DIV/0!	#DIV/0!	
ecast percentage change to TNUoS Collected Revenue T				NG		#D(V/0!	#D(V/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Offshore Transmission Revenue Forecast			Updated:			10/06	/2014			
Description	Licence	Special Condition	Applicable to	Yr t-1	Yrt	Yr t+1	Yr t+2	Yr t+3	Yr t+4	
Regulatory Year				2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Notes
Barrow				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
Gunfleet				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus Indexation
Walney 1				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
Robin Rigg				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus Indexation
Walney 2				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
Sheringham Shoal				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
Ormonde				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
Greater Gabbard				0.0	0.0	0.0	0.0	0.0	0.0	Current revenues plus indexation
London Array				0.0	0.0		0.0		0.0	Current revenues plus indexation
2014/15 OFTOs					0.0	0.0	0.0	0.0	0.0	National Grid forecast of those expected to transfer in 2014/15
2015/16 OFTOs						0.0	0.0	0.0	0.0	National Grid forecast of those expected to transfer in 2015/16
2016/17 OFTOs							0.0	0.0	0.0	National Grid forecast of those expected to transfer in 2016/17
2017/18 OFTOs								0.0	0.0	National Grid forecast of those expected to transfer in 2017/18
2018/19 OFTOs									0.0	National Grid forecast of those expected to transfer in 2018/19
Offshore Transmission Pass-Through (B7)	TOFTOt	3B	NG	0.0	0.0	0.0	0.0	0.0	0.0	
tes:										
monies are nominal 'money of the day' prices unless st	ated otherwise									
ensee forecasts and budgets are subject to change espe-	ially where the	v are influence	d by external stai	eholders						

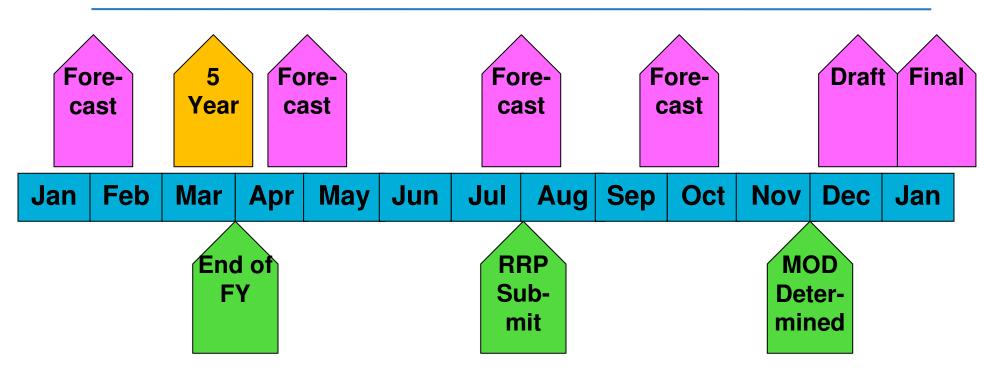
Scottish Power Transmission Revenue Forecast							10/06				
Description		Licence	Special Condition	Applicable to	Vr.t-1	Yr t	Yr t+1	Yr t+2	Yr t+3	Yr t+4	
Regulatory Year	-	rem	Condition		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Notes
Actual RPI											April to March average
RPI Actual	т	RPIAt									Office of National Statistics
Assumed Interest Rate		It			0.00%	0.00%	0.00%	0.00%	0.00%		As forecast by National Grid
Opening Base Revenue Allowance (2009/10 prices)	A1	PUt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	From Licence
Price Control Financial Model Iteration Adjustment	A2	MODt	3A	ALL		0.0	0.0	0.0	0.0	0.0	Determined by Ofgem/Licensee forecast
RPI True Up	A3	TRUt	3A	ALL		0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
RPI Forecast	A4	RPIFt	3A	ALL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	National Grid forecast
Base Revenue [A=(A1+A2+A3)*A4]	Α	BRt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Pass-Through Business Rates	B1	RBt	3B	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Femporary Physical Disconnection	B2	TPDt	3B	ALL		0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
ass-Through Items [B=B1+B2]	В	PTt	3B	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Reliability Incentive Adjustment	C1	Rit	3C	ALL	0.0		0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Stakeholder Satisfaction Adjustment	C2	SSOt	3D	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Sulphur Hexafluoride (SF6) Gas Emissions Adjustment	C3	SFIt	3E	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Awarded Environmental Discretionary Rewards	C4	EDRt	3F	ALL			0.0	0.0	0.0	0.0	Only includes EDR awarded to licensee to date
inancial Incentive for Timely Connections Output	C5	-CONADJt	3G	SP, SHE			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Outputs Incentive Revenue [C=C1+C2+C3+C4+C5]	C	OIPt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Network Innovation Allowance	D	NIAt	3H	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Fransmission Investment for Renewable Generation	G	TIRGt	3J	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Correction Factor	K	-Kt	3A	ALL	0.0		0.0	0.0	0.0	0.0	Calculated by Licensee
Maximum Revenue (M= A+B+C+D+G+J+K)	M	TOt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Excluded Services	Р	EXCt		SP, SHE	0.0	0.0	0.0	0.0	0.0	0.0	Post BETTA Connection Charges
Site Specifc Charges	S	EXSt		SP, SHE	0.0	0.0	0.0	0.0	0.0	0.0	Pre & Post BETTA Connection Charges
INUoS Collected Revenue (T=M+P-S)	Т	TSPt		NG	0.0	0.0	0.0	0.0	0.0	0.0	General System Charge
Final Collected Revenue	U	TNRt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Forecast Over / (Under) Recovery [V=U-T]	٧			ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Forecast percentage change to Maximum Revenue M	ш			ALL		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Notes:											
All monies are nominal 'money of the day' prices unless stated otherwise											

SHE Transmission Revenue Forecast							10/06				
Description		Licence	Special	Applicable							
<u> </u>	ш	Term	Condition	to	Yr t-1	Yr t	Yr t+1	Yr t+2	Yr t+3	Yr t+4	
Regulatory Year	ш				2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Notes
Actual RPI	Н				-			-	-		April to March average
RPI Actual	ш	RPIAt			-				-		Office of National Statistics
Assumed Interest Rate		It			0.00%	0.00%	0.00%	0.00%	0.00%		As forecast by National Grid
Opening Base Revenue Allowance (2009/10 prices)	A1	PUt	3A	ALL	0.0	0.0	0.0	0.0	0.0		From Licence
Price Control Financial Model Iteration Adjustment	A2	MODt	3A	ALL		0.0	0.0	0.0	0.0		Determined by Ofgem/Licensee forecast
RPI True Up	A3	TRUt	3A	ALL		0.0	0.0	0.0	0.0		Licensee Actual/Forecast
RPI Forecast	Α4	RPIFt	3A	ALL	0.0	0.0	0.0	0.0	0.0		Using HM Treasury Forecast
Base Revenue [A=(A1+A2+A3)*A4]	Α	BRt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Pass-Through Business Rates	B1	RBt	3B	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Femporary Physical Disconnection	B2	TPDt	3B	ALL		0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Pass-Through Items [B=B1+B2]	В	PTt	3B	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Reliability Incentive Adjustment	C1	Rit	3C	ALL	0.0		0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Stakeholder Satisfaction Adjustment	C2	SSOt	3D	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Sulphur Hexafluoride (SF6) Gas Emissions Adjustment	C3	SFIt	3E	ALL			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Awarded Environmental Discretionary Rewards	C4	EDRt	3F	ALL			0.0	0.0	0.0	0.0	Only includes EDR awarded to licensee to date
Financial Incentive for Timely Connections Output	CS	-CONADJt	3G	SP, SHE			0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Outputs Incentive Revenue [C=C1+C2+C3+C4+C5]	С	OIPt	3A	ALL	0.0	0.0	0.0	0.0	0.0	0.0	
Network Innovation Allowance	D	NIAt	3H	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Fransmission Investment for Renewable Generation	G	TIRGt	3.1	ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
Compensatory Payments Adjustment	J	SHCPt	3C	SHE	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast/Budget
Correction Factor	К	-Kt	3A	ALL	0.0		0.0	0.0	0.0	0.0	Calculated by Licensee
Maximum Revenue (M= A+B+C+D+G+J+K)	м	TOt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	
excluded Services	Р	EXCt		SP. SHE	0.0	0.0	0.0	0.0	0.0	0.0	Post BETTA Connection Charges
ite Specifc Charges	S	EXSt		SP. SHE	0.0	0.0	0.0	0.0	0.0	0.0	Pre & Post BETTA Connection Charges
TNUoS Collected Revenue (T=M+P-S)	т	TSPt		NG	0.0	0.0	0.0	0.0	0.0		General System Charge
Final Collected Revenue	U	TNRt		ALL	0.0	0.0	0.0	0.0	0.0	0.0	Licensee Actual/Forecast
orecast Over / (Under) Recovery [V=U-T]	٧			ALL	0.0	0.0	0.0	0.0	0.0	0.0	
orecast percentage change to Maximum Revenue M				ALL		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Notes:											
All monies are nominal 'money of the day' prices unless stated otherwise											
icensee forecasts and budgets are subject to change especially where they		December of here are									

Only a forecast...

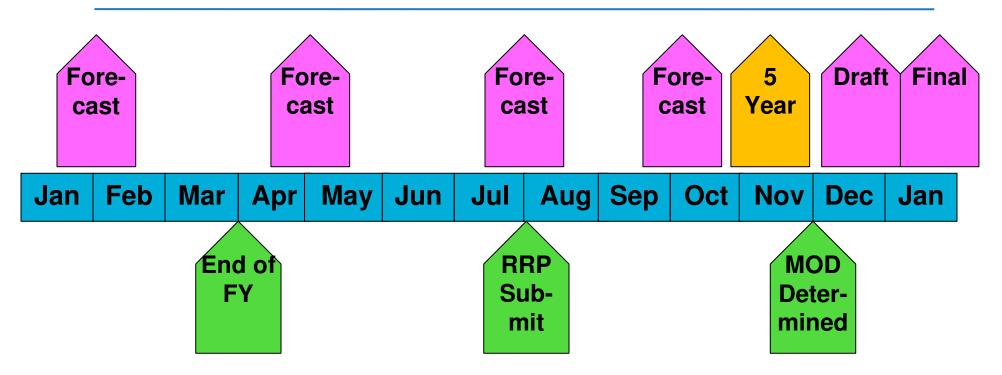
- Many factors are outside of the networks' direct control
 - Inflation
 - Base Rates
 - OFTO transfers
 - Pass through items
 - Customer connections/disconnections
 - Weather
- Some parts of the revenue forecasts are commercially confidential or price sensitive. A budget figure will be provided but may be neutral or based on earlier years rather than internal business plans.

Revenue Timetable - Current



- Jan & Apr updates based on previous year's information
- Oct (possibly Jul) contain MOD forecasts based on RRP
- Draft & Final contain the MOD determinations
- 5 year forecast based on previous year

Revenue Timetable - Proposed



- Jan & Apr updates based on previous year's information
- Oct (possibly Jul) contain MOD forecasts based on RRP
- Draft & Final contain the MOD determinations
- 5 year forecast moved to late autumn to include most recent business plan information

July Update – Modelling Assumptions

- Revenue
 - Latest forecast from NG, SPT & SHE-T
 - Latest information on OFTO transfers
 - 50% Network Innovation Competition, Transmission only
- Circuits
 - No change from April update
- Generation
 - 1 Jul Contracted TEC updated with latest intelligence
 - EMR related modification applications are being processed and will not be included
- Demand
 - Transport model unchanged (2013 DNO data)
 - Tariff model updated with latest NG forecast

July Update - Methodology

- Ofgem announcement on 11 July that CMP213 (Transmit) will be implemented in 2016/17 therefore 2015/16 will use existing methodology.
- €2.5/MWh limit on generation is currently forecast to be breached in 2015/16.
 - Base case will use existing 27/73 split for generation/demand.
 - Scenario will use CMP224 methodology.

TNUoS Forecast Webinars

- We held our first webinar on TNUoS tariffs on 5 March 2014
- Positive feedback was received and improvements have been taken on board
- Publication of the five year forecast coincided with the May TCMF
- Next webinar will be Aug/Sep 2014 with opportunity to raise any questions

Options for TNUoS charging arrangements for exporting GSPs







Andy Wainwright

Introduction

Informal review of transmission charging arrangements for embedded generation

Focus group comments

Consultation responses



What is the impact of exporting GSPs on transmission investment requirements?



How could we reflect in charges?

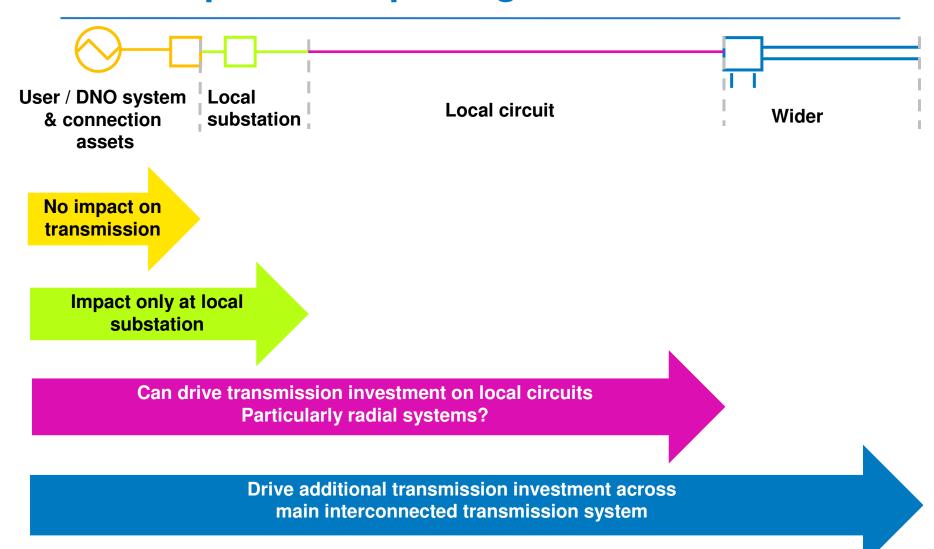


How to define an exporting GSP?



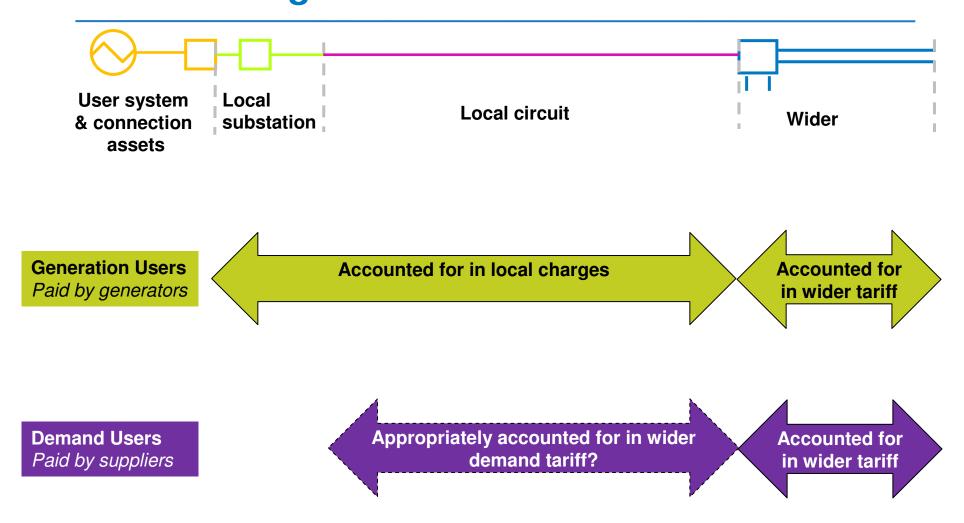
Who can react to charge?

What impact do exporting GSPs have?

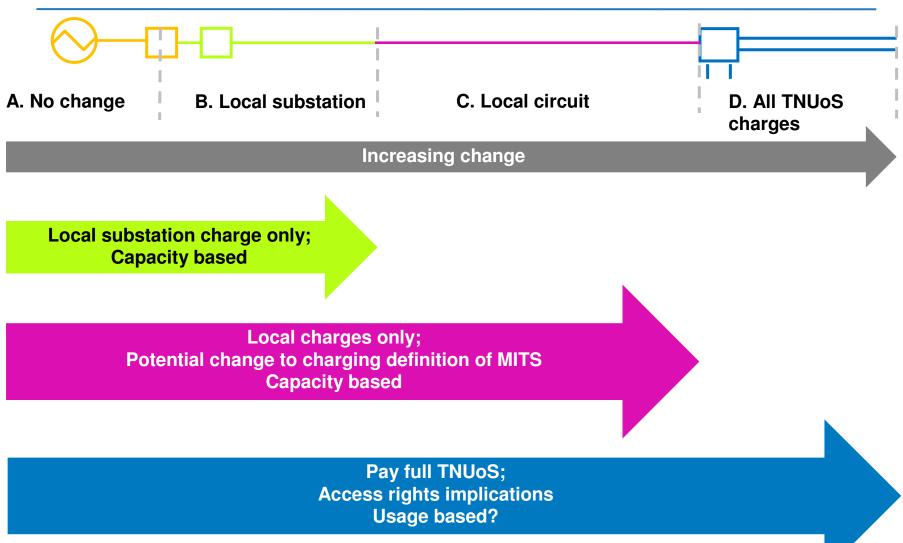


How is this currently reflected in TNUoS charges?

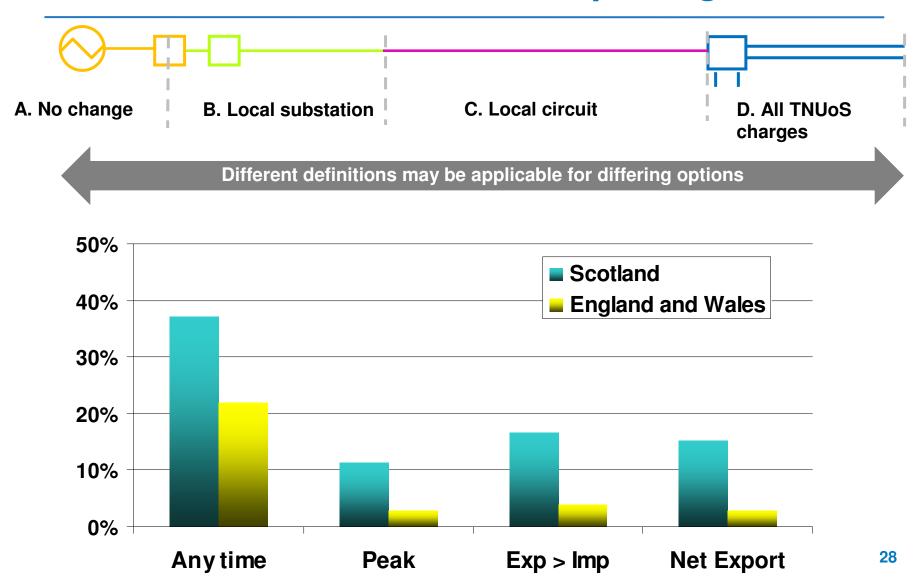
nationalgrid



Q1: How could we reflect in TNUoS charges?



Q2: How could we define an exporting GSP?



Q3: Who can react to the signal?

Suppliers?

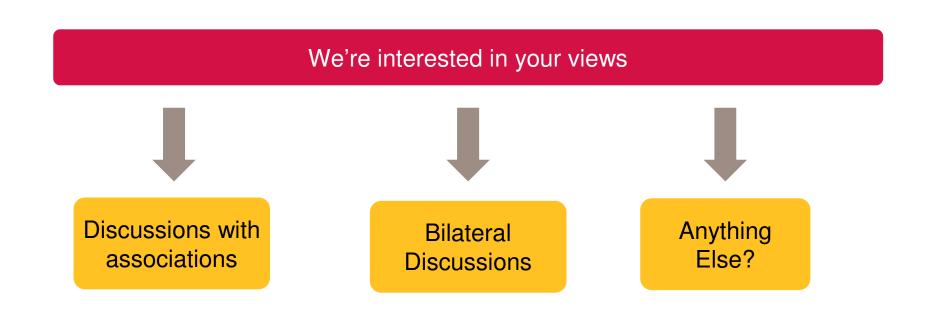
Currently charged ON GSP area basis

DNOs?

Change to commercial relationships

More ability to react

Next Steps



Update next TCMF in September

Potential CUSC modification proposal – Autumn 2014

Understanding your needs







Andy Wainwright

Background

Customer surveys run twice a year

Latest – March 2014

Stakeholder Survey

Run annually

Electricity
Charging
Survey

-

Electricity Regulatory

Frameworks

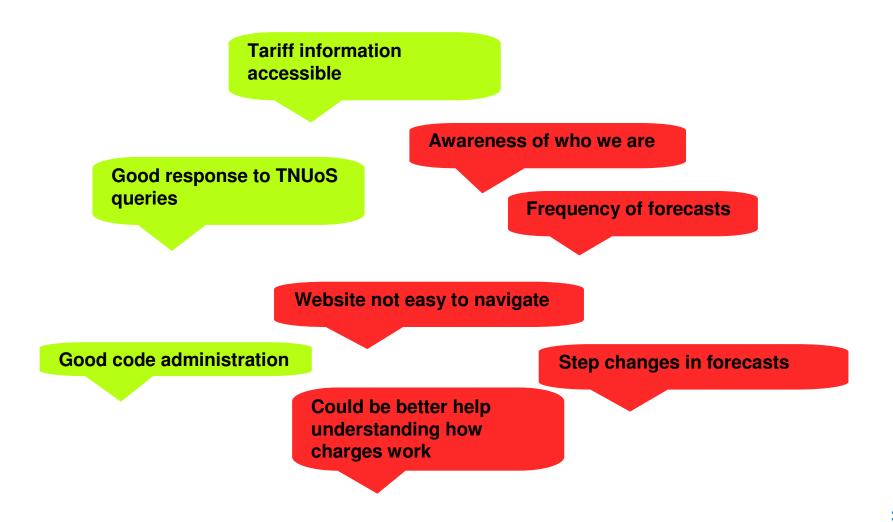
Survey

Forecasting & billing

CUSC proposals

General engagement

What you said



What we're doing



NB: next survey: September 2014

Lunch







Charges associated with delay to connection







Charon Balrey

Open letter

- Published 23 June 2014
 - http://www2.nationalgrid.com/WorkArea/DownloadAsset. aspx?id=34056
- Responses to <u>charon.balrey@nationalgrid.com</u> by 31 July 2014
- Update in September 2014 on progress

Feedback on proposed actions

Guidance document to be published detailing how charges for delay are calculated and applied

 Is this a helpful development and is anything further you believe we should do to improve customers' understanding of these charges?

Statement within each 'original' connection offer making reference to additional charges if the connection date is subsequently delayed

 Do you think these proposals are sufficient to raise awareness of the existence of charges for delay, or would explicit references elsewhere be more helpful?

Allocation of charges

Capital costs

 CUSC Section 14.4 (Other Charges) ability to apply additional charges to a customer in respect of its connection (CEC before TEC)

Incremental costs

- Any spend over and above what would otherwise have been incurred in meeting the original connection date as a one-off charge
 - e.g. demobilisation, remobilisation, re-consenting, maintenance, additional project management and rework & redesign.

Flexible Access – Progress Update







Nick Pittarello

Aims of Flexible Access

 Enable capacity exchange between generators in short timescales

Benefit

- More efficient use of capacity
- Lower fixed costs for marginal thermal plant with low load factors
 - Helps security of supply

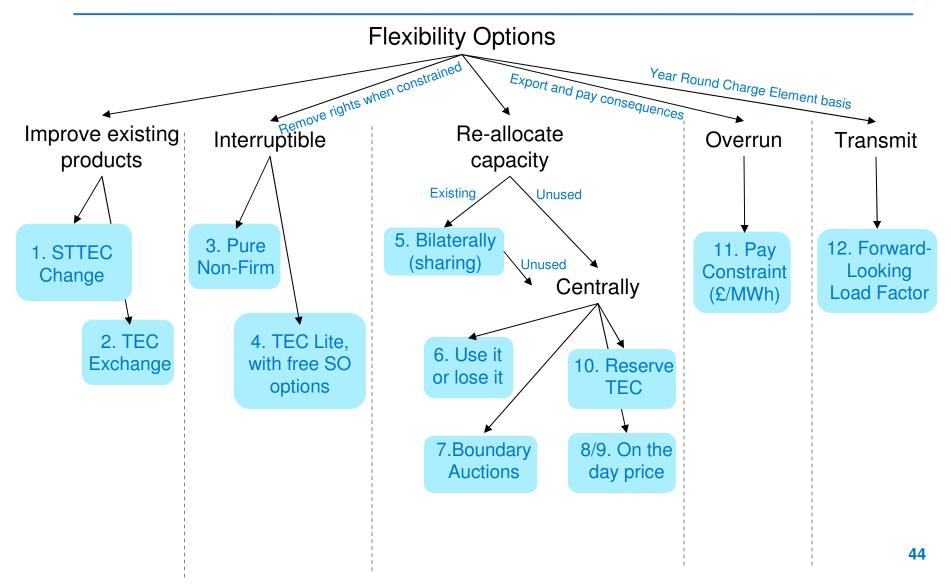
Stakeholder Objectives

- April TCMF identified the following preferences:
 - Affordable
 - Range of products differentiated by price
 - Balance between price and obligation
 - Predictable
 - Transparent
 - Not distort competition
 - Timing mixed views

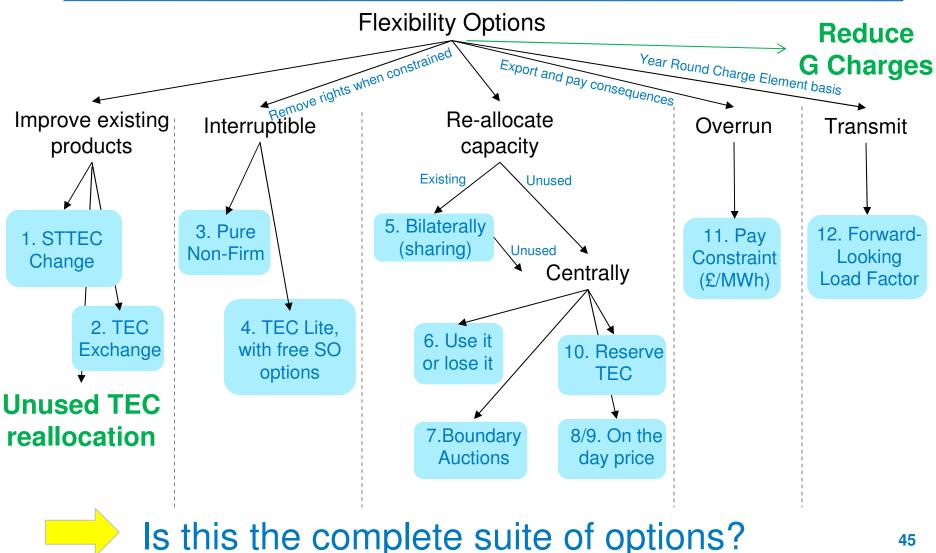
National Grid Objectives

- Protect primacy of annual product (TEC)
 - Need for investment signals
- Solution should be consistent with SQSS and CMP213
- Consistent with European direction of travel
 - No regrets/ unwind round the corner
- Deliverable within reasonable timescales
 - Proportionate and deliverable
 - Broad consensus

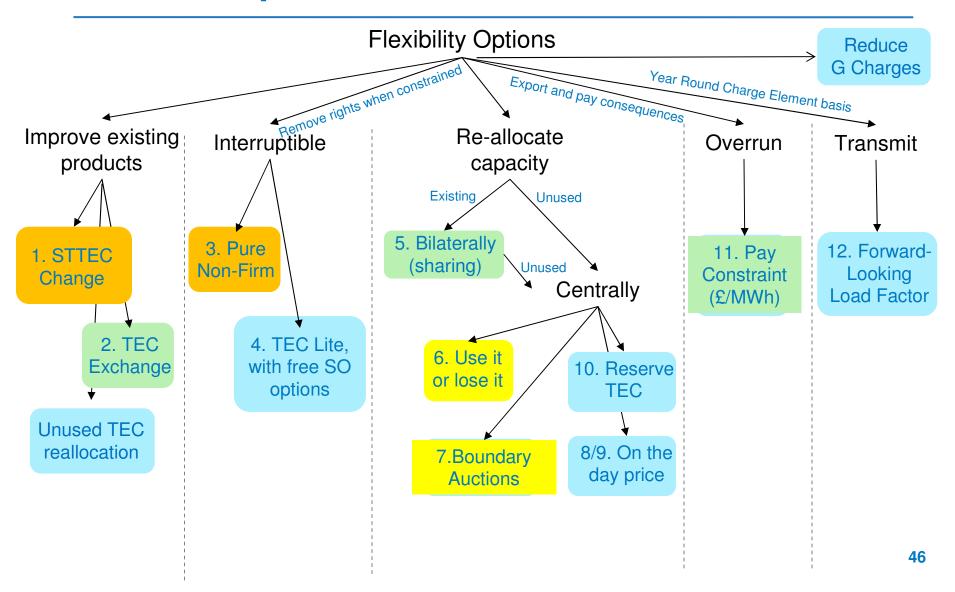
Options to deliver short term flexibility



Additional Options



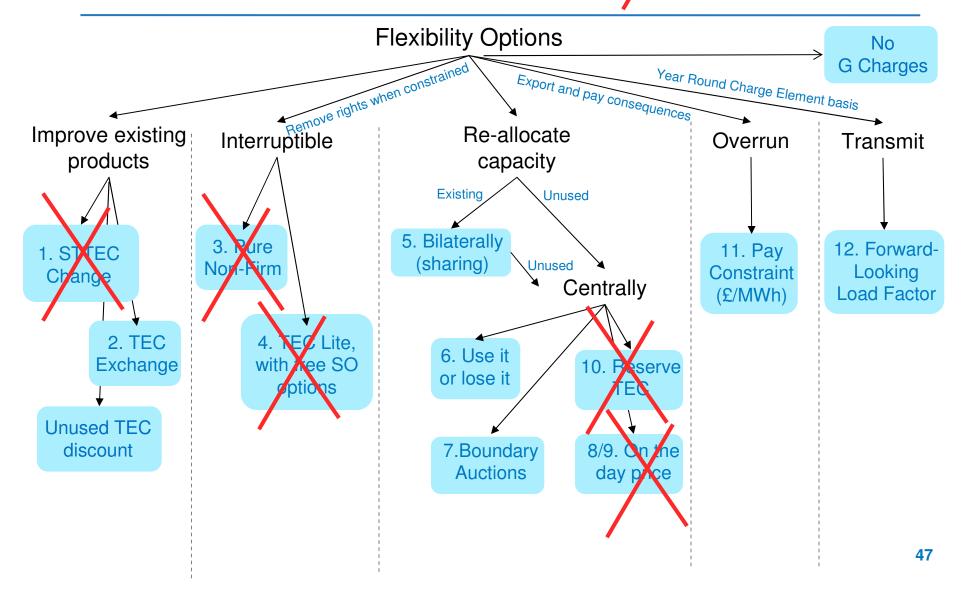
Possible option bundles?



EMR Capacity Mechanism

Effectively locks in existing TEC to 2018

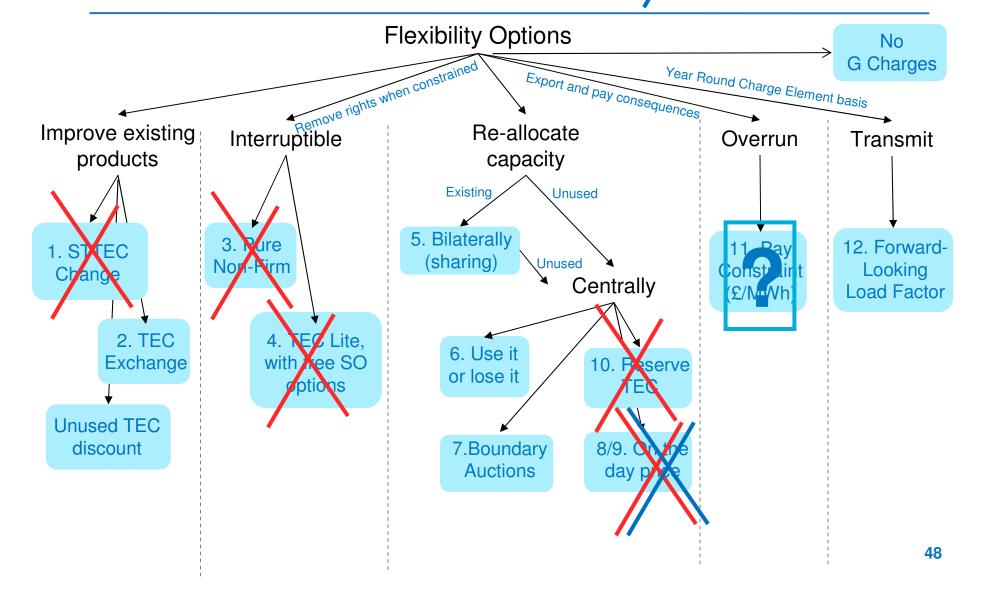




European Interactions

- Effectively locks in existing TEC to 2018

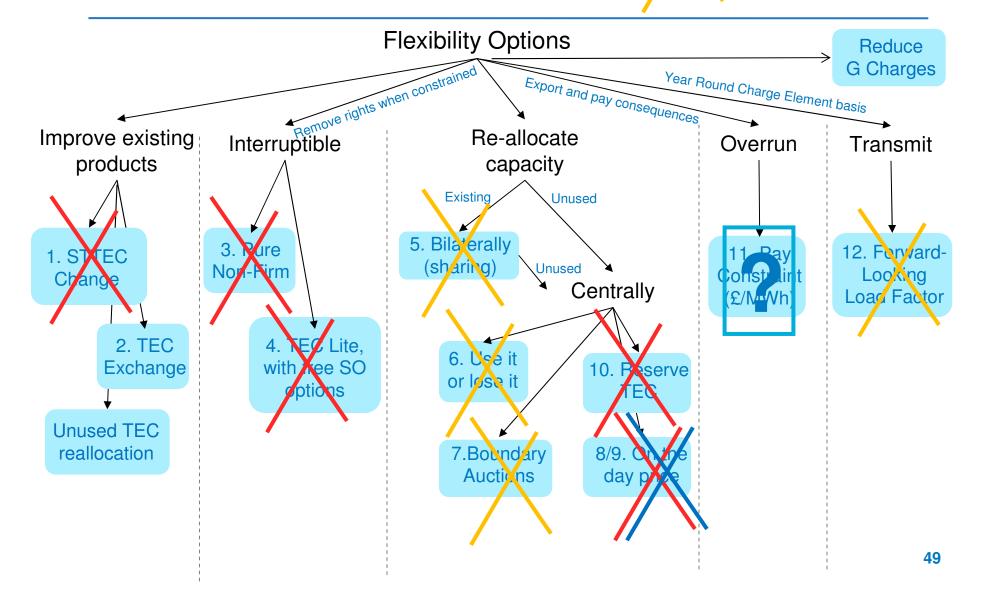




Operationally Challenging

- Technical issues





Feedback Summary (so far n=6)

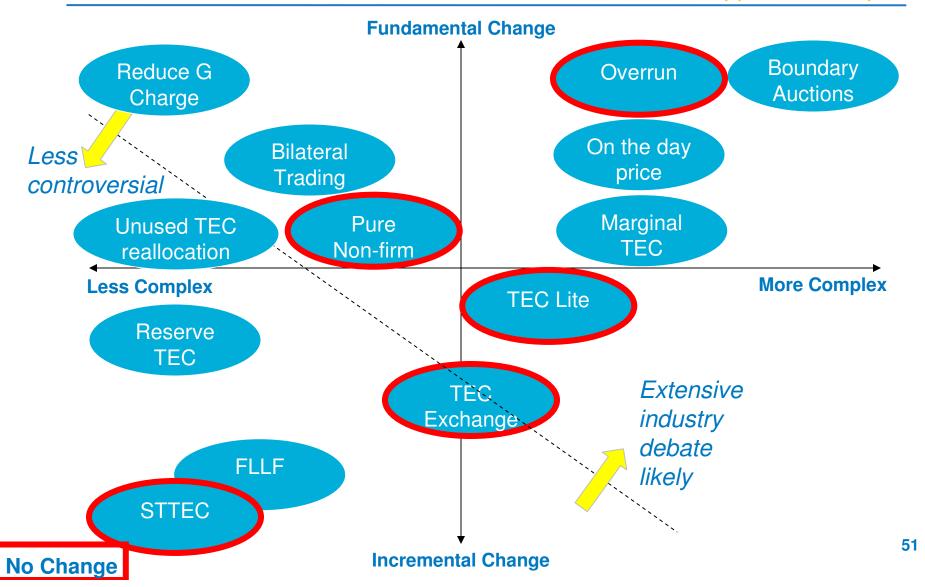
- Concern over interaction with EMR Capacity Mechanism
 - The rules effectively lock-in TEC and make many of the options unlikely to be helpful
- Wide spectrum of views
 - Some saw this theme as really critical to their business
 - Others, that we need a period of stability to embed EMR.
- Most saw merit in exploring STTEC and TEC Exchange
- Minor interest in Non-firm, TEC Lite and Overrun

Option Landscape



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Dropped UIOLI option



Next Steps

- Continue to canvas opinion bilaterally
- How should we take this forward?
 - Workshop?
 - Dive a bit deeper?
- Can we refine the options down?
- Reincarnate CAPs161/162/163?
 - Previously parked because of Transmit
 - Broad industry support
- What could the timing of any CUSC mod be?

Statement of Works

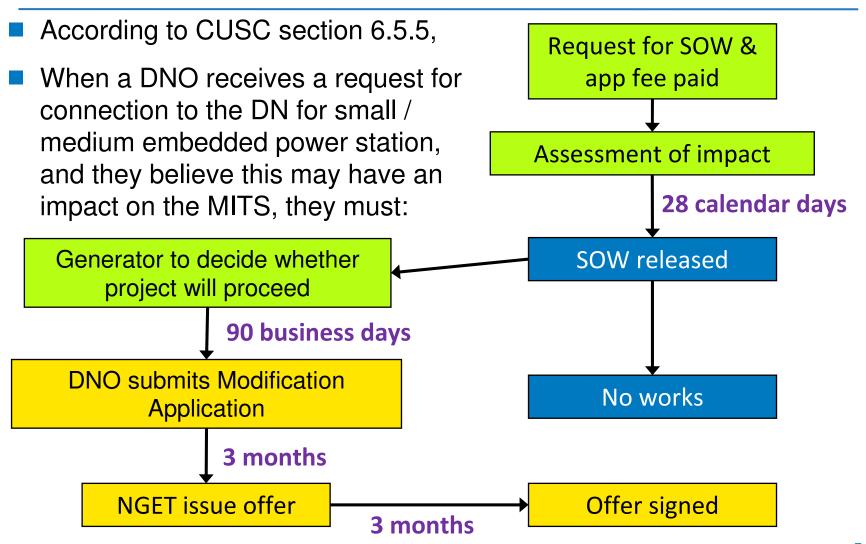






David Corby

Statement of Works Current Process



Change History

- Ofgem led DG Forums;
- Working collaboratively SO, TO's, DNO's attended a number of working group meetings that determined:
 - Embedded Developers have difficulty understanding how their development impacts on the Transmission network
 - That the Statement of Works process:
 - Took too long & expensive
 - There was a lack of transparency in the process
 - Stage 1 caused a delay in most cases

Change Proposal

■ Remove Stage 1 – Statement of Works process

Where the DNO knows there is an impact on the Transmission System

- Reduce timescales by around 4 months
- Save Developer ~£2,000 per application
- Provide earlier notice of Transmission reinforcements
- Letter of comfort issued by Ofgem May 2014
- One year trial started

Next Steps

- Aspiration to raise a CUSC modification this autumn for implementation in 2015
 - Update at September TCMF
 - Subject to trial feedback. Nothing negative to date
 - How deep a modification is needed could this be a Self Governance Modification?
 - Does anyone have views on this?

Biddable Indexation & TNUoS







Wayne Mullins TCMF, July 2014

What is Biddable Indexation?

- Under Tender Rounds 1 & 2 (TR1 & TR2) OFTO allowed revenues are fully indexed by RPI on an annual basis.
- Ofgem have decided to introduce the option for revenues to be partially indexed to inflation going forward.
- Bidders will be able to specify the proportion of revenue they wish to have linked to RPI:
 - aims to enable bidders to more closely match their revenue profile to their cost profile; and
 - bidders will be able to avoid hedging costs if they use nominal debt, as well as retaining flexibility to attract different sources of finance.

How does this effect TNUoS?

- Local TNUoS tariffs are based upon the proportion of OFTO revenue associated with each asset.
- Under the existing arrangements these inflated by RPI each year and reviewed at the start of each (onshore) price control period.
 - Assumes OFTO revenue is fully indexed by RPI.
- Partially delinking OFTO revenue from RPI, will result in associated local TNUoS tariffs increasing at a faster rate than the corresponding OFTO revenue.

Proposed Next Steps

- Raise a CUSC modification to address the issue:
 - Retain existing principle of linking Local Offshore TNUoS tariffs to OFTO revenue.
 - Modify indexation of Local Offshore TNUoS tariffs to link to indexation in OFTO licence instead of RPI.
 - Change reflects changes to OFTO Licence conditions.
 - Self-governance?

Potential Future Topics







David Corby

Revised Priority Potential Topic list

Topic	Ranking
BSUoS stability	1
Flexible TNUoS products	2
8 year Price control	3
TNUoS fixed tariffs	4
G/D split	5
Triad	6
Integrated offshore	7
User Commitment (Section 15) Flexibility Developments	8
Exporting GSPs / Gross charging	9
BSUoS Forecasting transparency	10
Methodology Housekeeping	11

Any Other Business







Next TCMF

September

17
12
Wednesday
Wednesday

Venue: National Grid House, Warwick

We value your feedback and comments

If you have any *questions* or would like to give us *feedback* or share *ideas*, please email us at:

Cusc.team@nationalgrid.com

Also, from time to time, we may ask you to participate in surveys to help us to improve our forum – please look out for these requests

Close



