

## CMP224 – Cap on the total TNUoS target revenue to be recovered from generation users



Workgroup Meeting 4 – 30<sup>th</sup> January 2014  
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## Agenda

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| Item                                       | Lead |
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| Introduction & Meeting Objectives          | PH   |
| Safety Moment                              | TS   |
| Review of Workgroup consultation responses | All  |
| Agree any Alternatives                     | All  |
| Illustrative legal text - Original         | TS   |
| Agree Implementation Approach              | All  |
| Workgroup Vote                             | All  |
| Next Steps                                 | All  |

## Safety Moment – Personal Security

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### When you are out and about:

- Look & act confident
- Use well-lit areas & travel in groups
- Carry an attack alarm
- Don't display valuables
- Vary your routes when jogging or cycling



### When you are driving:

- Make sure your car is in good condition
- Plan your route & stick to main roads
- Ensure that you have enough money and fuel
- Keep doors locked and valuables out of sight
- Park in well-lit busy places & have your key ready when walking back



## CMP224 - Recap

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### Driver

- Compliance with EC Regulation 838/2010 – (0-2.50)€/MWh
- Not a broader review of G/D split to facilitate
  - Harmonisation of transmission tariffs

### Progress

- 3 Workgroup meetings held till date
- Workgroup consultation ended on 23 January 2014
- 9 responses to workgroup consultation received
  - One WACM

## Workgroup Consultation Responses - Summary

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- General consensus with the intent of the mod to comply with the Regulation
  - Doesn't address broader issue of harmonisation
  - More notice period desirable
- Original the most preferred option
  - All local included within generation TNUoS charges
  - Additional bandwidth
  - Ratchet mechanism v/s Reverting back to 27/73

## Workgroup Alternative CUSC Modification

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- Local generation only spurs charges excluded from calculation of Annual Average Transmission charge
- Minimum 12 month notice period?
- Ratchet mechanism (with appropriate notice)

## Illustrative legal text - Original

- v.) The application of a Transmission Network Use of System Revenue split between generation and demand, such that the proportion of the total revenue paid by generation, for the purposes of tariff setting, is the lower of 27% or x%, where x is calculated using the equation below:

$$x_n = \frac{(Cap_{EC} * (1 - y)) * GO}{MAR * ER}$$

Where;

- Cap<sub>EC</sub> = Upper limit of the range specified by European Commission Regulation 838/2010 (or any subsequent regulation specifying such a limit) on Annual average transmission charge payable by generation, reduced by an additional error margin of y
- GO = Forecast GB Generation Output for generation liable for Transmission charges (i.e. energy injected into the transmission network in MWh) for charging year n
- MAR = Forecast TO Maximum Allowed Revenue (£) for a charging year n
- ER = OBR Spring Forecast €/£ Exchange Rate in charging year n-1
- y = Error margin to account for difference in forecast and actual based on previous five years error, at the time of calculating the error

## CMP224 voting

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- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the Original Modification Proposal;
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.



## Use of System Charging Methodology

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- (a) That compliance with the use of system charging methodology 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) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);
- (c) That, so far as is consistent with sub-paragraphs (a) and (b) , the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.
- (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

## Next Steps

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- Agree legal text
- Circulate updated workgroup report

