

CMP337/8 WG#1

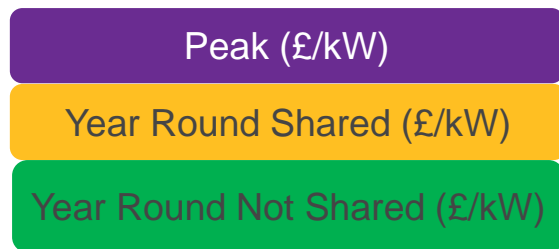
As discussed 26/03/2020



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Charging Refresher: Wider TNUoS Tariffs

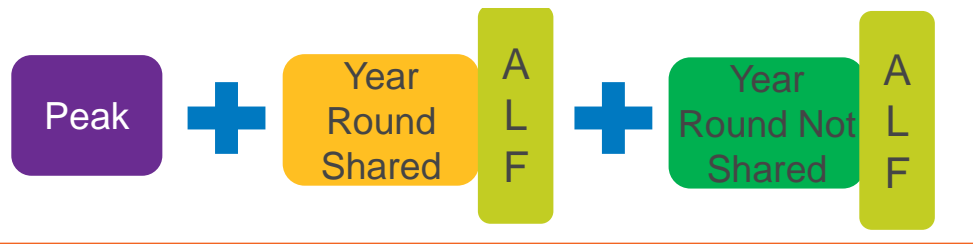


838/2010 €0-2.50 cap/collar on Gen TNUoS

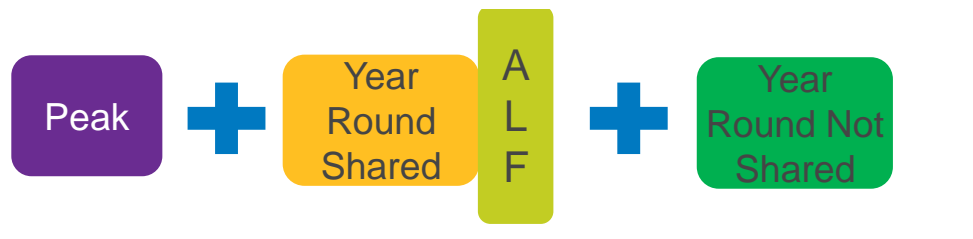


The Adjustment Factor is being designed in the CMP317/327 in flight modifications to comply with Ofgem's TCR direction and the existing European Regulation

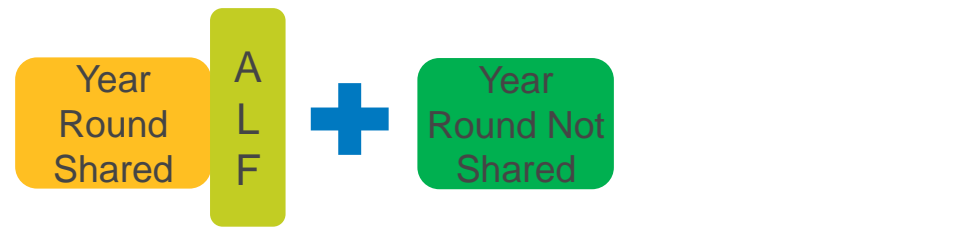
Conventional Carbon Generation:



Conventional Low-Carbon Generation:



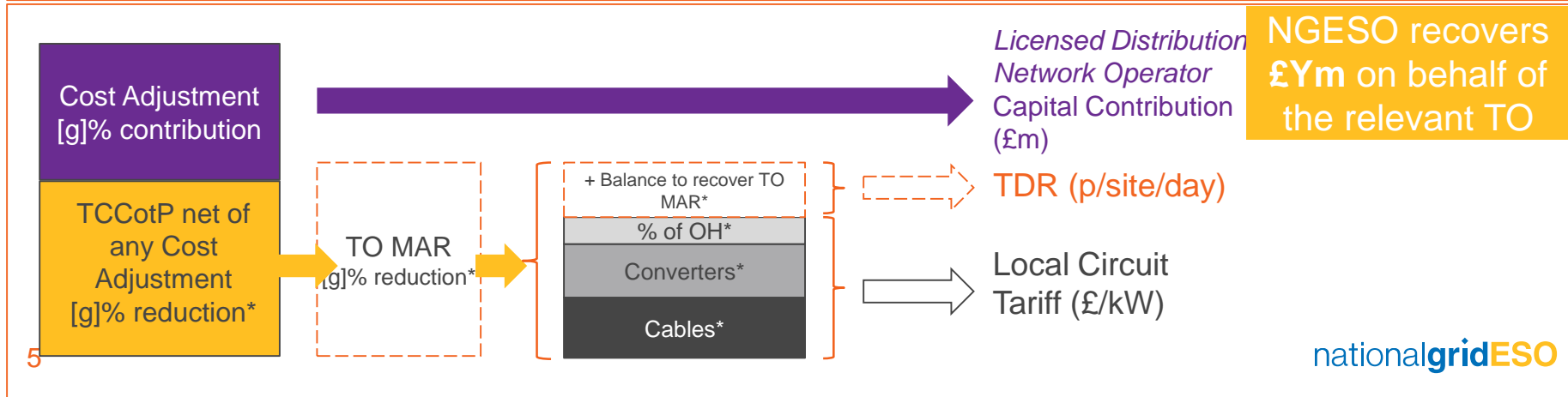
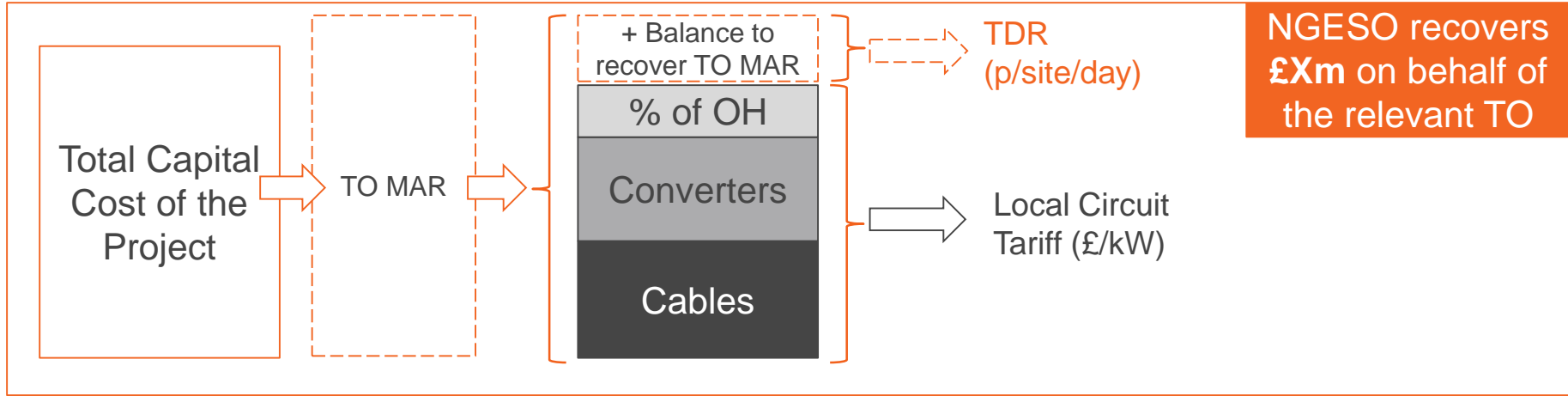
Intermittent Generation:



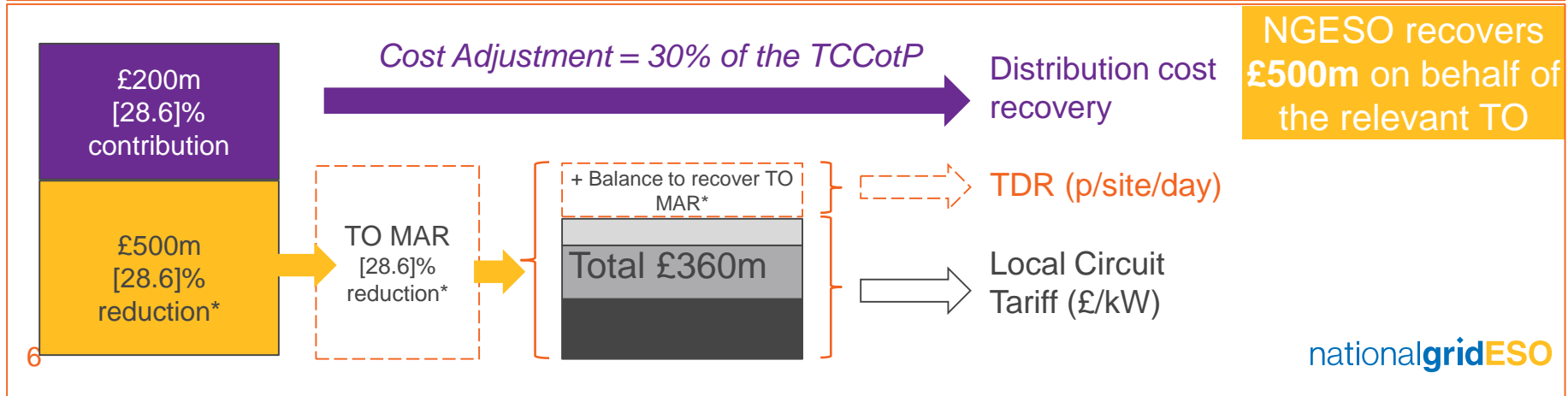
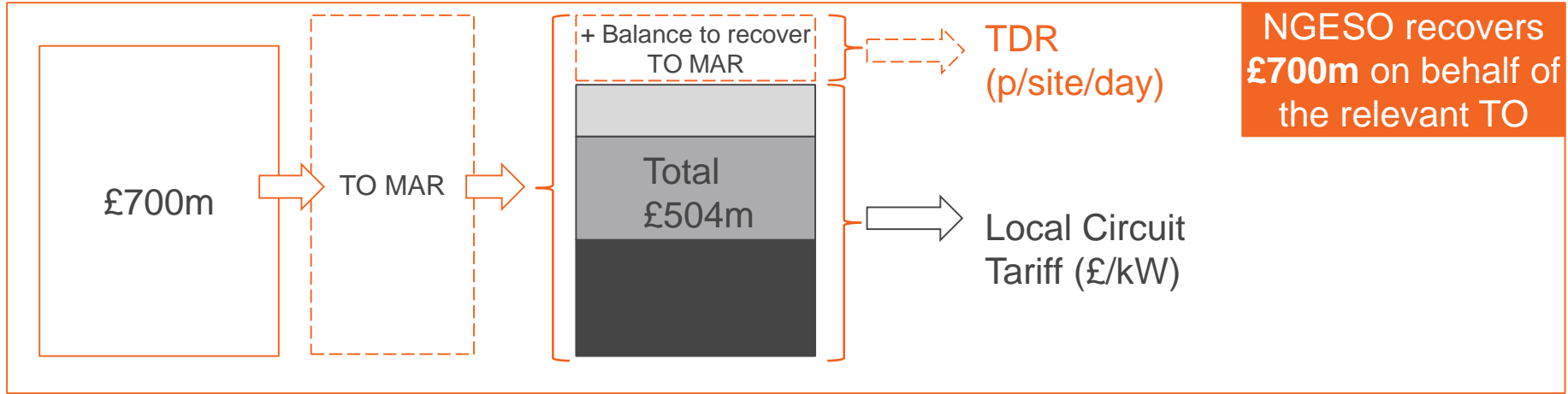
Charging Refresher: Island Links

- CMP303 -> to remove “extra costs” associated with functionality that isn’t required by an island generator from the actual project costs used to calculate remote island link expansion factors
- CMP320 -> to change the security factor on an island link to 1.0 rather than 1.8
- 14.15.14, 14.15.75 and 14.15.76, AC sub-sea cable and HVDC circuit expansion factors are calculated on a case by case basis using actual project costs
- [Ofgem Decision](#) on SHEP-D’s contribution proposal is supportive in principle – December 2019 – for SHEP-D as proposer to expand on the purpose of raising these modification proposals?
- [NGESO presentation](#) on island link charging principles – May 2018

Revenue collection with a “Cost Adjustment”



A mathematical example of the CUSC instruction

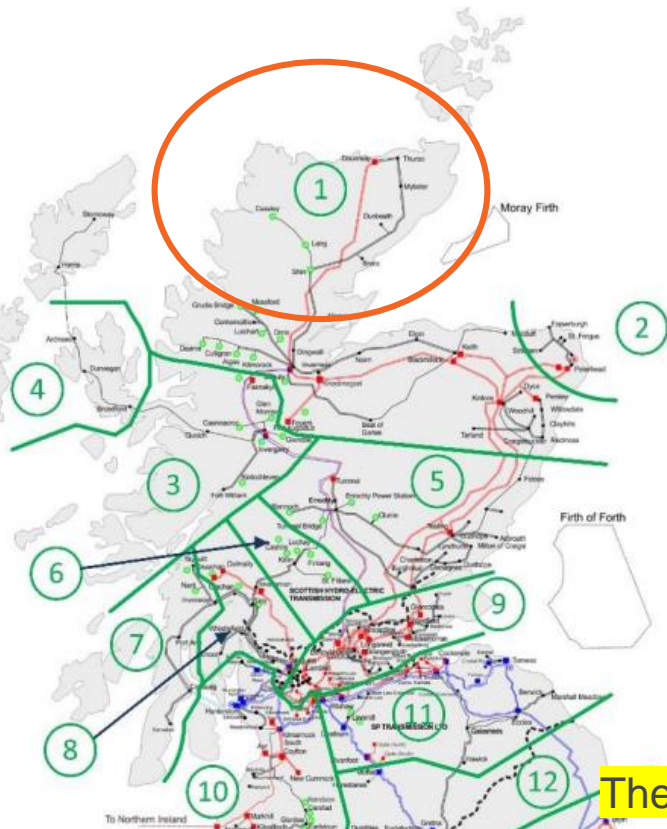


Recovery through the Wider Tariff in Zone 1

Shetland Transmission Link cost recovery begins from 1st April 2024

Impact on Generator Tariffs Zone 1 recovery

- All generators in Zone 1 will pay increased costs to cover the link cost. Depending on their fuel type this is up to £24 more /kW than without the link
- All GB generators will pay ~£0.22/kW less due to an increased negative adjustment factor



2024/25 wider TNUoS tariffs	System Peak Tariff (£/kW)	Shared Year Round Tariff (£/kW)	Not Shared Year Round Tariff (£/kW)	Residual Tariff (£/kW)
Zone 1 Without	1.946827	19.748612	26.103416	-9.912084
Zone 1 With Island Links	1.946827	36.524773	44.213395	-10.130585
Delta	0	16.77616	18.10998	-0.2185

nationalgrid ESO
These numbers do not model the impact of a D to T contribution

Impacts of a Contribution – Zone 1 recovery

2024/25 wider TNUoS tariffs	System Peak Tariff (£/kW)	Shared Year Round Tariff (£/kW)	Not Shared Year Round Tariff (£/kW)	Residual Tariff (£/kW)
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Zone 1 With Island Links	1.946827	36.524773	44.213395	-10.130585
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Zone 1 with 28.6% contribution	Tbc	Tbc	Tbc	Tbc

Expansion Factors:

No contr – 17.4

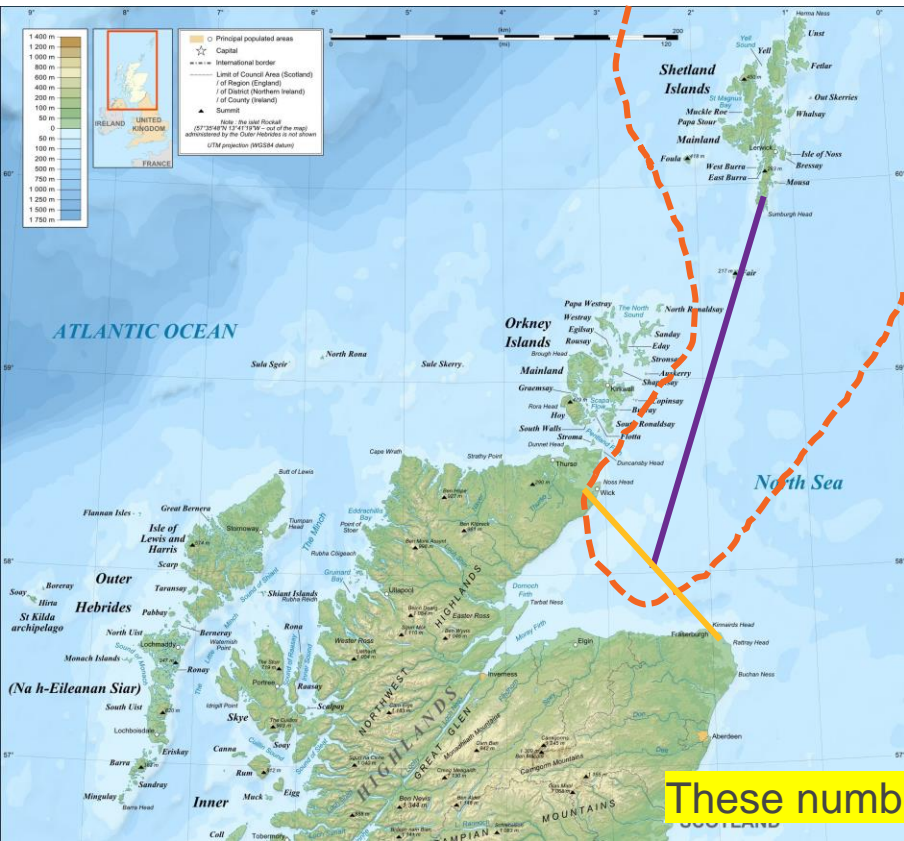
Contr – ~12.4

No contr - £540m from Z1

Contr - £360m from Z1

New Shetland Zone: p48-50 of 2019 5 year Tariff Forecast

Shetland Transmission Link cost recovery begins from 1st April 2024



--- Shetland Zone 0
 — Shetland Link
 — Caithness-Moray

Zone	Zone Name	System Peak Tariff (£/kW)	Shared Year Round Tariff (£/kW)	Not Shared Year Round Tariff (£/kW)	Residual Tariff (£/kW)
0_1	Shetland	1.830834		202.682794	- 10.989881
0_2	Orkney	1.795550		189.782365	- 10.989881
0_3	Western Isles	1.946847		178.711042	- 10.989881

Note: These proposed tariffs don't include the outcome of CMP320 and have a SF assumption of 1.8 rather than 1.0

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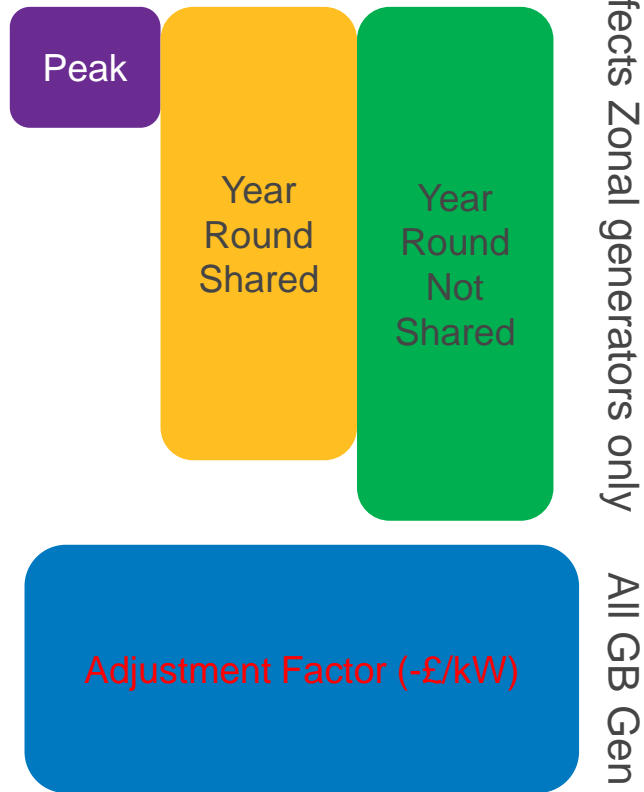
These numbers do not model the impact of a D to T contribution

6. Terms of Reference

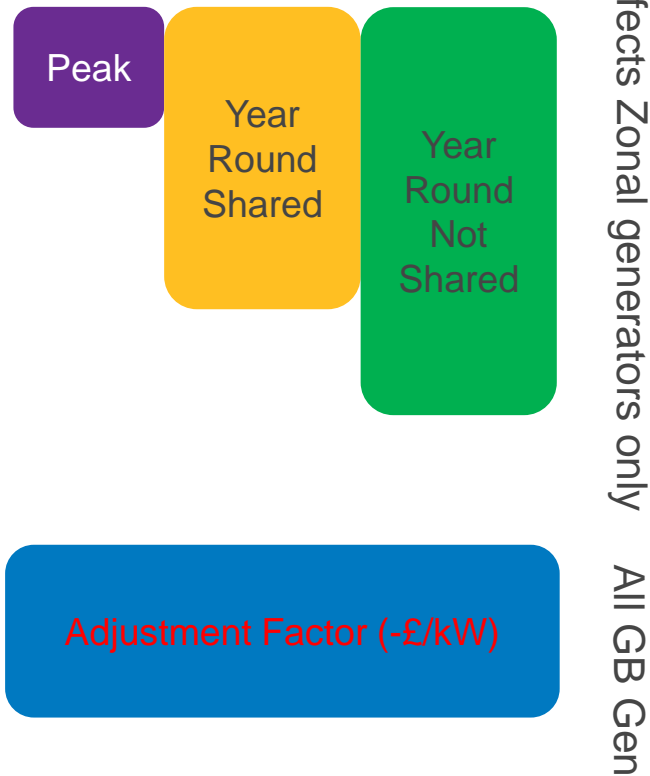
- Consider interactions of the Proposal with the baseline charging methodology with respect to:
 - MITS Nodes on Islands; and
 - Allowing the contribution to be reflected appropriately on generators.
- Consider the impacts on Users and Consumers.

Example of the impacts on tariffs

No contribution



Contribution



Impact of Contribution

- GB gen face a less negative adjustment factor.
- Zonal gen face a smaller wider tariff.
- Total gen TNUoS is the same
- TDR will be smaller.
- AAHEDC?

Impact on each industry group of Contribution

Scenario -> Industry	Local Circuit	Zone 1	New Shetland Zone	No link (baseline)
Shetland Generator	Positive	Positive	Positive	Not built
Zone 1 Generator	-	Positive	Negative (residual is less negative)	-
All GB generator	-	Negative (residual is less negative)	Negative (residual is less negative)	-
Shetland consumers	Positive (security of supply benefit)	Positive (security of supply benefit)	Positive (security of supply benefit)	Negative (~£140m)
GB consumers	Positive (pay less because of contribution)	Positive (pay less because of contribution)	Positive (pay less of the link costs because of contribution)	-
AAHEDC payees*	Negative (fund contribution)	Negative (fund contribution)	Negative (fund contribution)	-