March Forecast of TNUoS Tariffs for 2021/22 - Webinar

NGESO Revenue Team

April 2020

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Agenda

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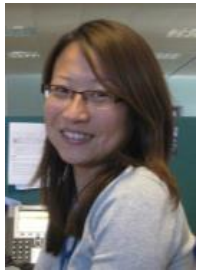
Revenue team: TNUoS Tariff Forecasting & Setting



Rebecca Yang

Forecasting, setting and billing TNUoS to recover around £2.8bn of revenue per year from generators, demand and suppliers

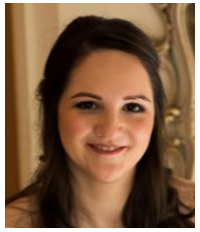
Sarah Chleboun

- Offshore
- Annual Load Factors (ALFs)

Jo Zhou

- Revenue
- Onshore Local Circuits

Alice McCormick

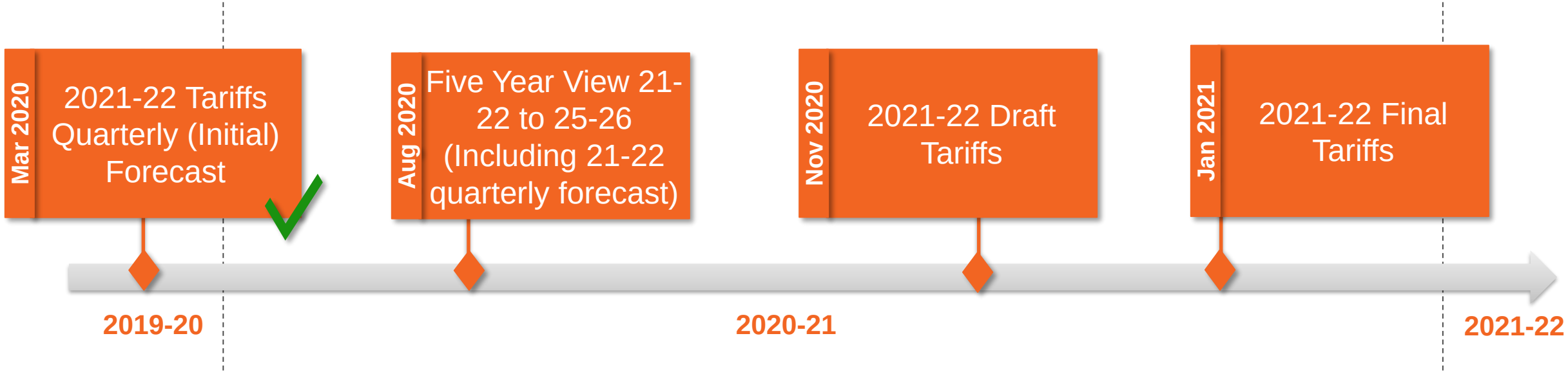


- Generation
- Local substation

Matt Wootton

- Demand
- EET

Tariff Timetable



- These forecast tariffs will be refined throughout the year, the final tariffs will be published by 31st January 2021 and take effect from 01 April 2021.
- Ofgem made decision on the Targeted Charging Review, and CUSC mod proposals have been raised to implement these policy decisions into the CUSC. CMP317/327 (if approved) will affect 2021/22 tariffs.
- 2021/22 tariffs will be affected by RIIO-2 determinations (expected by November/December this year)

Overview of changes in this forecast

TCR: TGR changes have been included in the base case, TDR has been included as a sensitivity case.

RIIO-2: Several parameters must be reset for April 2021, our assumptions for this forecast are listed below. Further indicative RIIO-2 parameters will be included in the 5 Year View, for those where input information becomes available later in the year.

RIIO-2 Parameters	Forecast Assumptions
Maximum Allowed Revenue	Based on current onshore TOs' MAR forecast under relevant STC procedures
Generation Zones	Base case assumption is 27 zones (as per RIIO-1 zones) with sensitivity cases given for 14 zones (as per CMP324/5) and 48 zones (current methodology).
Expansion Constants & Factors	Existing expansion constant inflated by RPI and no change to expansion factors
Locational Onshore Security Factor	Security Factor remains as 1.8, as per existing value
Avoided GSP Infrastructure Credit	Existing AGIC value, inflated by RPI
Local Substation Tariffs	Existing tariffs, inflated by RPI
Offshore Local Tariffs	Tariffs have been recalculated to adjust for differences in actual OFTO revenue to forecast revenue in RIIO-T1 Existing Offshore substation discount, inflated by RPI used as part of this calculation

Forecast Processes and Key Messages

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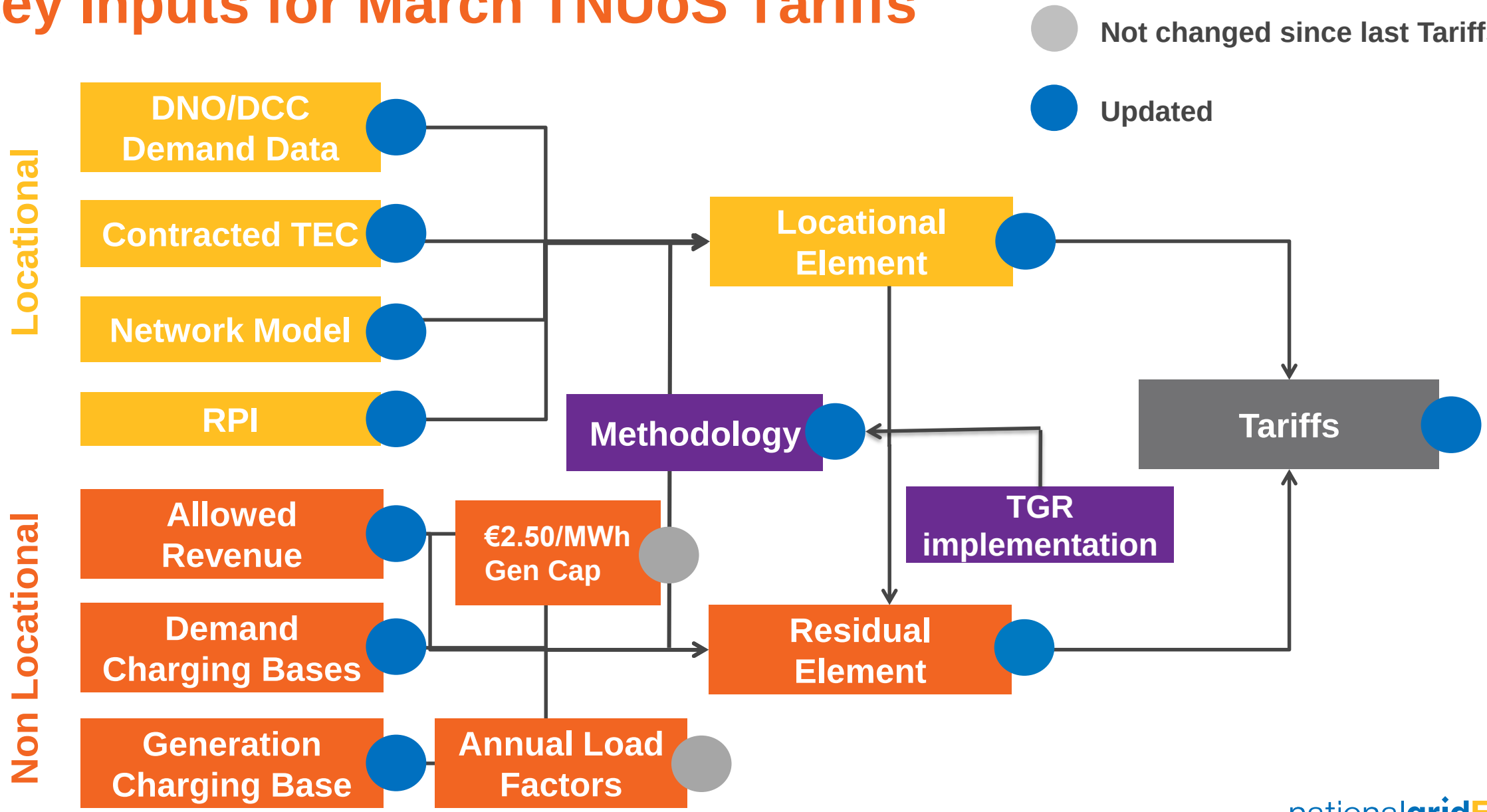
Input changes in our tariff publications

		No new data since last forecast	Updated			Updated and locked down	
		March	Five-year forecast	August		DRAFT Nov	FINAL Jan
Methodology		Open to industry governance					
Locational	DNO/DCC demand data	Demand forecast provided by DNOs/DCCs in 2019 (for charging year 2021/22)				DNOs/DCCs update by week24	As per Draft Tariffs
	Contracted TEC	Latest TEC	Latest TEC	Latest TEC		TEC Register frozen at 31 October	As per Draft Tariffs
	Network model	As modelled in ETYS 2019 (except new local circuits) for charging year 2021/22				Updated with ETYS 2020	As per Draft Tariffs
Residual	Allowed revenue	Initial revenue forecast	Update financial parameters	Update financial parameters		Latest TO forecasts	Final TO revenue submissions
	Demand charging bases	Revised forecast	Revised forecast	Revised forecast		Revised forecast	Final forecast
	Generation charging base	ESO best view	ESO best view	ESO best view		ESO best view	ESO final best view
	Generation ALFs	As in 2019 ALF report				As in 2020 ALF report	As per Draft Tariffs
	Generation revenue	Forecast	Forecast	Fixed gen rev £m		As per August	As per August

Key Inputs for March TNUoS Tariffs



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Key Messages

- Total revenue is forecast to be £3,053m, an increase of £210m since 2020/21. The forecast was provided by the TOs', in advance of the publication of RIIO-2 determinations.
- Generation revenue is forecast to be £821m, an increase of £445.7m from 2020/21, mainly driven by TGR change. The proposed TGR change (CMP317/327) is still under development with the industry.
- The average generation tariff has increased by £5.39/kW to £10.69/kW, and the generation residual tariff has increased by £4.48/kW to -£0.37/kW.
- Demand revenue is forecast to be £2,233m in 2021/22, a decrease of £236m compared to 2020/21. Thus the average gross HH demand tariff is forecast to decrease by £4.31/kW to £45.25/kW, and the average NHH demand tariff is forecast to be 5.72p/kWh, a decrease of 0.30p/kWh.
- Small Generator Discount is expected to discontinue from April 2021.
- A few sensitivity scenarios are included due to the uncertainties in methodology changes.
- The TNUoS impact on the end consumer is forecast to be £32.02 per year, a reduction of £1.72 from 2020/21 as a result of the reduced NHH tariffs.

Revenue

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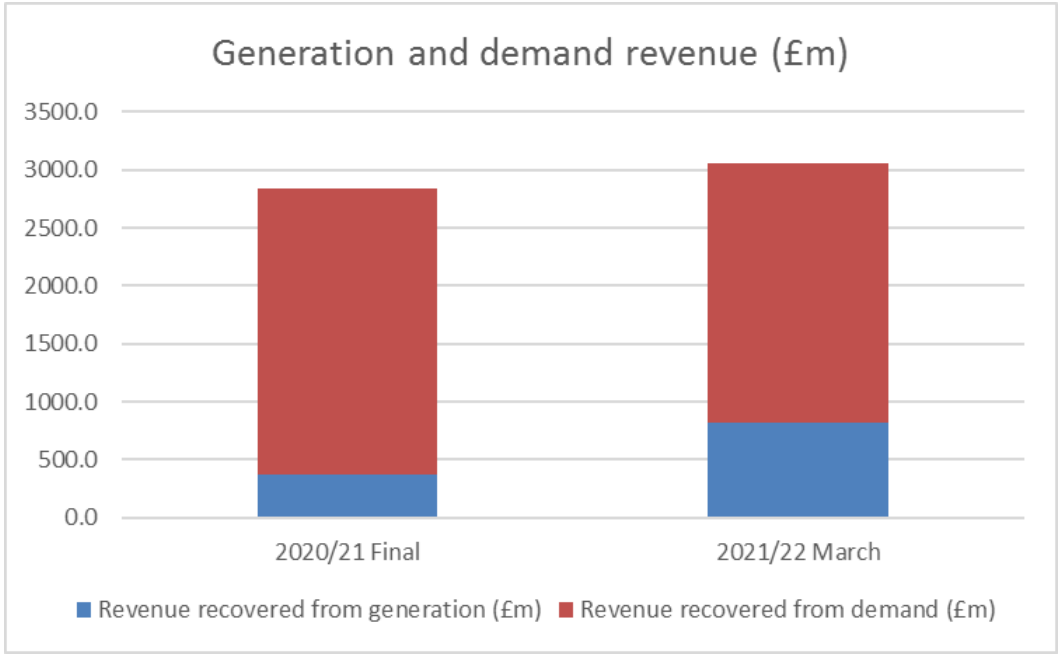
Revenue

£m Nominal	2021/22 TNUoS Revenue			
	March Forecast	August Forecast	Nov Draft	Jan Final
NGET Income from TNUoS	1754.9			
SPT Income from TNUoS	376.7			
SHE Income from TNUoS	374.0			
Other Pass-through from TNUoS	17.4			
Offshore (plus IFA contribution / allowance)	529.9			
Total to Collect from TNUoS	3053.1			

- Total revenue is forecast to be £3,053m, an increase by £210m from 2020/21.
- This figure is highly indicative, and is based on February 2020 forecast by TOs.
- RIIO-2 determination is expected to be published by late 2020 (draft determination to be published this summer).

Summary of revenue to be recovered

	The G/D Split	
Revenue	**2020/21 Final**	**2021/22 March**
Total Revenue (£m)	2,843.0	3,053.1
Generation Output (TWh)	199.8	199.8
% of revenue from generation	13.2%	26.9%
% of revenue from demand	86.8%	73.1%
Revenue recovered from generation (£m)	374.9	820.6
Revenue recovered from demand (£m)	2468.1	2232.6



- Generation revenue increased by £446m as a result of TGR (TNUoS Generation Residual) change
- CMP317/327 seek to remove “assets required for connection” from calculation of “EU gen cap”, and to remove generation residual
- Further information (and various options being developed) are available from the CMP317/327 workgroup

Generation Tariffs

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Transmission Generation Residual (TGR)

- For this forecast we have modelled the tariffs based on Ofgem's final decision for the Targeted Charging Review (TCR) .
- As part of our modelling of the changes to the TGR, we have assumed that local onshore and offshore tariffs are not included in the European €2.50/MWh cap as proposed under CMP317.
- This has resulted in residual tariff being greatly increased, becoming less negative. This would increase the amount generators pay for TNUoS.

Generation Tariffs (£/kW)	2020/21 Final	2021/22 March	Change since last forecast
Residual	- 4.849145	- 0.365971	4.483175
Average Generation Tariff*	5.299849	10.690216	5.390367

* The average generation tariff is calculated by dividing the total revenue payable by generation over the generation charging base in GW.

Generation charging base changes

- TEC values have been updated in line with the February 2020 TEC register
- Generation chargeable TEC is forecast to increase by 6.1GW in 2021/22 due to new generation connecting. This includes our internal best view.
- An increase to the charging base has decreased the generation tariffs, but the increase in the residual tariff has overall increased generation tariffs.

Generation (GW)	2020/21 Final	2021/22 March
Contracted TEC	84.9	93.6
Modelled Best View TEC	84.9	85.8
Chargeable TEC	70.7	76.8

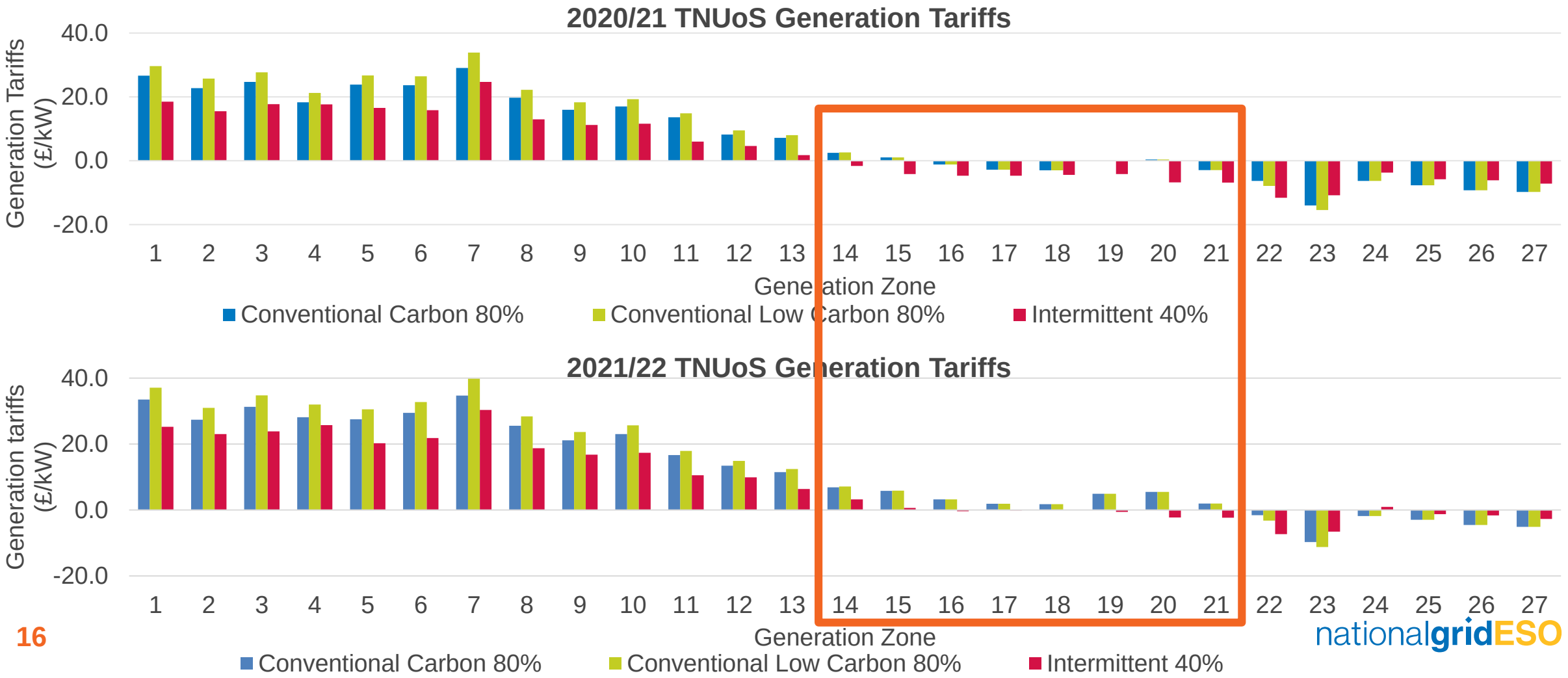
Contracted TEC – TEC as set out in the TEC register.

Modelled Best View Locational TEC – best view that the NGESO has for the forecasted locational TEC.

Chargeable TEC – our best view, taking into account the TEC used for charging purposes from the TEC register, excluding non chargeable generators, for example interconnectors.

Generation tariffs for 2021/22 – comparison to 2020/21

- Zones 14 – 21 have become positive tariffs, whereas in 2020/21 they were (mostly) negative



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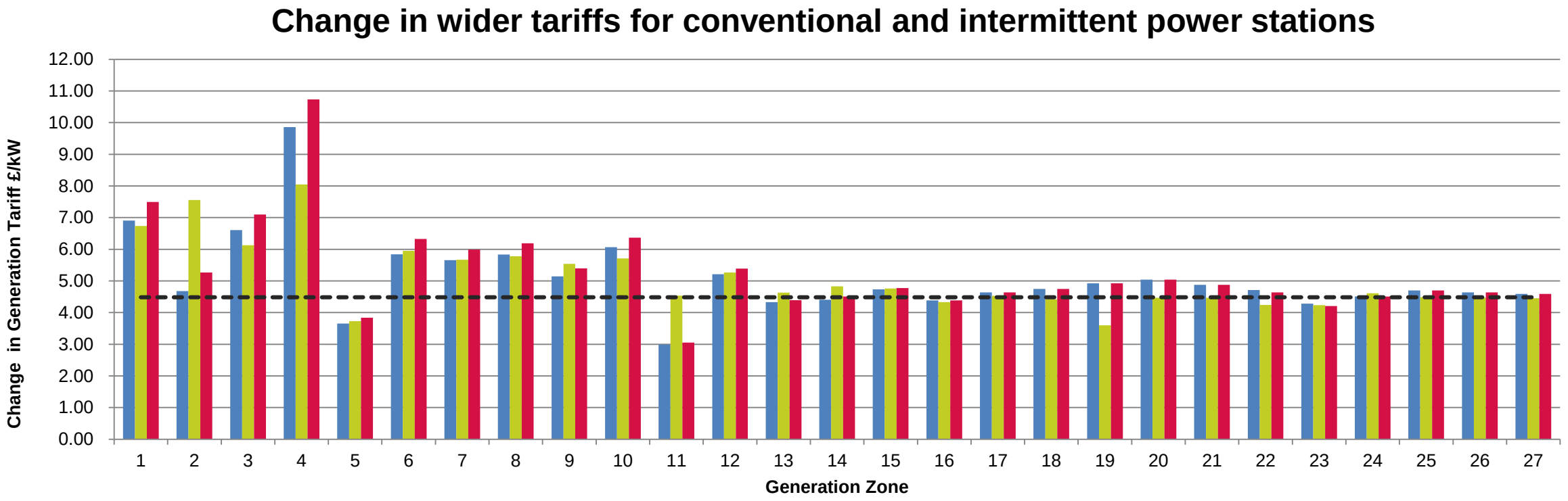
Generation tariff changes

- Residual has increased by £4.48/kW which accounts for majority of changes to generation tariffs
- The slight variance in change between zones is due to the update to the locational inputs, including locational demand, network changes and generation charging base.



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Local Tariffs

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Onshore Local Circuits Tariffs

- In general, system flow changes are minimal on local circuits, so local circuit tariffs are relatively stable.
- Most Tariffs have increased slightly, in line with RPI. Circuit parameters have been updated according to the latest ETYS data, causing tariff changes to some generators.

Substation Name	(£/kW)	Substation Name	(£/kW)	Substation Name	(£/kW)
Aberarder	1.723176	Dunhill	1.491347	Luichart	0.598907
Aberdeen Bay	2.714789	Dunlaw Extension	1.571780	Marchwood	0.397364
Achruach	-2.661502	Edinbane	7.128354	Mark Hill	0.911649
Aigas	0.680979	Ewe Hill	2.534163	Middle Muir	2.063874
An Suidhe	-0.998034	Fallago	0.453309	Middleton	0.154649
Arecleoch	2.162533	Farr	3.712344	Millennium Wind	1.901602
Baglan Bay	0.792284	Fernoch	4.579981	Moffat	0.197354
Beinneun Wind Farm	1.563856	Ffestiniogg	0.263425	Mossford	2.999728
Bhlaraidh Wind Farm	0.672259	Finlarig	0.333395	Nant	- 1.279220
Black Hill	1.616991	Foyers	0.304988	Necton	- 0.368537
Black Law	1.819385	Galawhistle	3.643300	New Deer	0.784018
BlackCraig Wind Farm	6.554480	Glendoe	1.915221	Rhigos	0.107677
BlackLaw Extension	3.858241	Glenglass	5.009818	Rocksavage	0.018429
Clyde (North)	0.114186	Glen Kyllachy	- 0.476279	Saltend	0.018065
Clyde (South)	0.132051	Gordonbush	0.188836	South Humber Bank	0.430734
Corriegarth	3.016432	Griffin Wind	10.113396	Spalding	0.295207
Corriemoillie	1.734082	Hadyard Hill	2.881961	Strathbrora	0.057532
Coryton	0.051463	Harestanes	2.631138	Strathy Wind	1.906648
Cruachan	1.900064	Hartlepool	0.213963	Stronelairg	1.118917
Crystal Rig	0.142250	Invergarry	0.381023	Wester Dod	0.496549
Culligran	1.804612	Kilgallioch	1.095821	Whitelee	0.110503
Deanie	2.964719	Kilmorack	0.205632	Whitelee Extension	0.307198
Dersalloch	2.508079	Kype Muir	1.544378		
Dinorwig	2.498158	Langage	0.684805		
Dorenell	2.185123	Limekilns	0.635038		
Dumnaglass	1.180113	Lochay	0.381023		

Onshore Local Substation Tariffs

- Local Substation tariffs will be recalculated in preparation for the start of the price control based on TO asset costs. Our assumption for this forecast is that they increase by RPI.
- Tariffs have increased slightly, in line with our forecast of May-Oct RPI.

2021/22 Local Substation Tariff (£/kW)				
Substation Rating	Connection Type	132kV	275kV	400kV
<1320 MW	No redundancy	0.209048	0.119589	0.086167
<1320 MW	Redundancy	0.460515	0.284924	0.207219
>=1320 MW	No redundancy	n/a	0.374965	0.271175
>=1320 MW	Redundancy	n/a	0.615595	0.449334

Offshore Local Tariffs

- Tariffs are set at asset transfer, or the beginning of a price control, and are indexed in line with the revenue of the associated OFTO.
- These offshore tariffs have been recalculated, in preparation for the RIIO-2 period.
- Offshore tariffs will be refined in future forecasts as OFTO revenues and inflation data are updated and the Offshore substation discount is recalculated.
- Projects expected to asset transfer during 2020/21 will have tariffs calculated later this year.

Offshore Generator	Tariff Component (£/kW)		
	Substation	Circuit	ETUoS
Barrow	9.017025	46.992324	1.166884
Burbo Bank	11.266389	21.536282	-
Dudgeon	16.526172	25.730618	-
Galloper	16.841406	26.439601	-
Greater Gabbard	16.704427	38.299182	-
Gunfleet	19.538772	17.904168	3.346392
Gwynt Y Mor	20.792270	20.442180	-
Humber Gateway	12.171630	27.671602	-
Lincs	17.322768	67.625980	-
London Array	11.689926	39.663613	-
Ormonde	27.473019	51.125012	0.407423
Race Bank	10.122919	27.752994	-
Robin Rigg	- 0.478335	34.072272	10.916539
Robin Rigg West	- 0.478335	34.072272	10.916539
Sheringham Shoal	25.734868	30.165108	0.655701
Thanet	19.655822	36.597055	0.881020
Walney 1	23.757356	47.252502	-
Walney 2	22.123519	44.774026	-
West of Duddon Sands	9.152286	45.020395	-
Westermost Rough	18.606280	31.453270	-

Demand Tariffs

Demand Tariffs

- The impact of COVID-19 on demand has not been taken into consideration in the forecasting of the 2021/22 demand tariffs.
- TDR is not in the base case for the 2021/22 tariffs but has been included as a sensitivity case.
- Due to the implementation of TGR, the revenue recovered through demand tariffs for 2021/22 is significantly lower in comparison to 2020/21.
- 2021/22 Tariffs do not include the impact of SGD, which is expected to discontinue from 01 April 2021.

Zone	Zone Name	HH Demand Tariff (£/kW)	NHH Demand Tariff (p/kWh)	Embedded Export Tariff (£/kW)
1	Northern Scotland	15.013659	2.044827	-
2	Southern Scotland	22.823089	2.942453	-
3	Northern	35.205172	4.389070	-
4	North West	41.853367	5.306145	-
5	Yorkshire	42.705231	5.255794	-
6	N Wales & Mersey	44.132320	5.508067	0.829249
7	East Midlands	46.383978	5.907568	3.080907
8	Midlands	47.942227	6.197093	4.639156
9	Eastern	48.577436	6.612843	5.274364
10	South Wales	45.290920	5.253280	1.987848
11	South East	51.480819	7.128290	8.177748
12	London	54.446552	5.488955	11.143481
13	Southern	52.819783	6.796496	9.516711
14	South Western	51.987570	7.218883	8.684499

Residual charge for demand:	46.816636

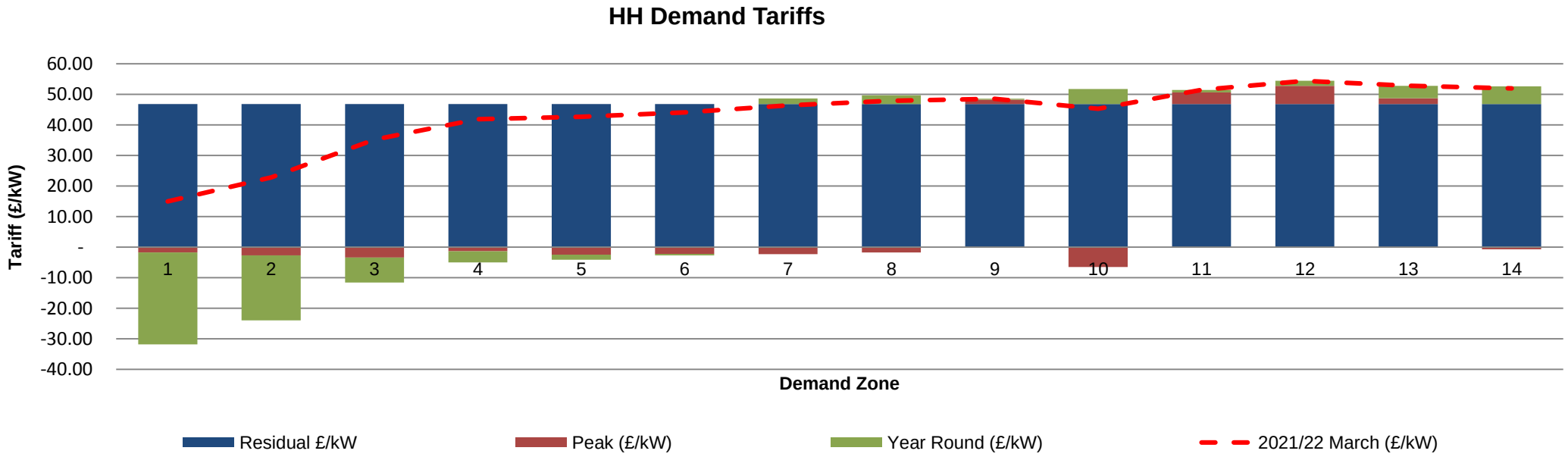
Demand volumes

- The HH demand charging base has decreased in comparison to 2020/21, taking into account forecast simulation data for 21/22 as well as outturn data for 2019/20
- As a result it is expected that less revenue will be collected from HH demand in 2021/22 in comparison to 2020/21
- This will increase the proportion of revenue to be collected via NHH demand and increase NHH tariffs in comparison

Charging Base	2020/21	2021/22 March	Change
NHH Demand (4pm-7pm TWh)	25.1	24.0	-1.2
Total Average Gross Triad (GW)	50.4	50.0	-0.4
HH Demand Average Gross Triad (GW)	19.6	19.4	-0.2
Embedded Generation Export (GW)	7.2	6.8	-0.4

HH Demand Tariff

- The average tariff is £45.26/kW, a decrease of £4.30/kW compared to the 2020/21 tariffs due to the decrease in revenue to be recovered from demand tariffs due to the impact of TGR
- Less revenue is expected to be collected from HH demand due to the decrease in HH charging base for 2021/22, thus increasing the revenue to be collected via NHH demand and increase NHH tariffs
- The residual element of the tariffs has decreased by £5.06/kW



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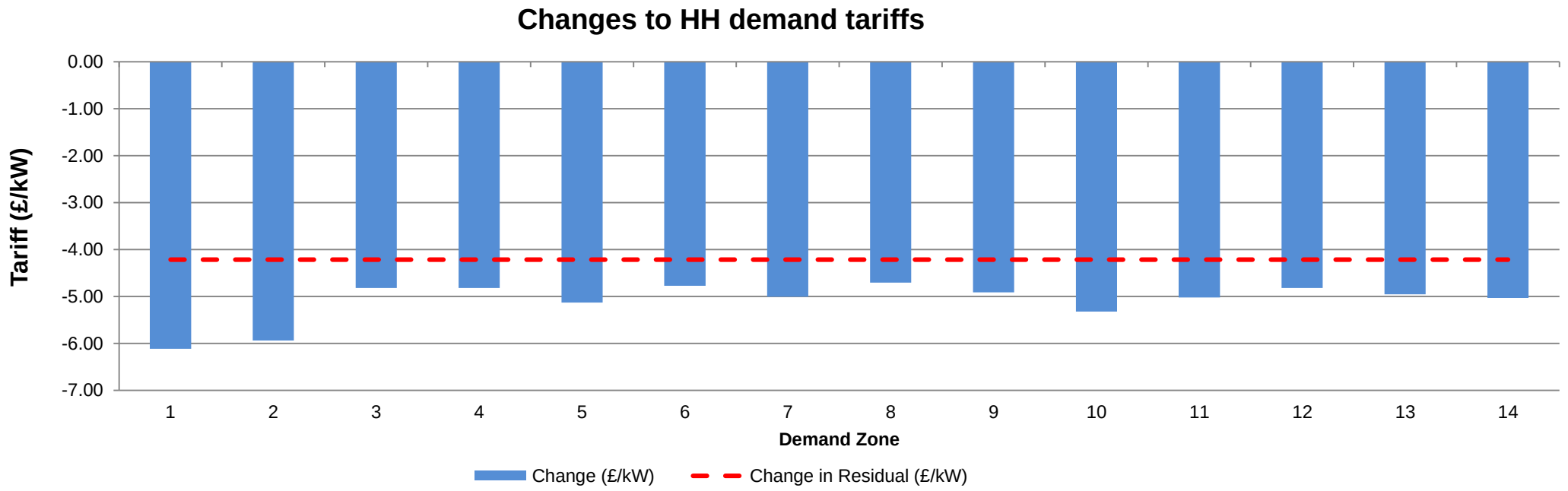
Changes to HH tariffs

- The tariff has decreased in all zones, the decrease is spread relatively equal across the 14 zones with a slightly greater reduction (£6/kW) seen in zones 1 & 2
- Overall the HH demand tariffs have decreased due to the impact of TGR and the reduction in the demand residual



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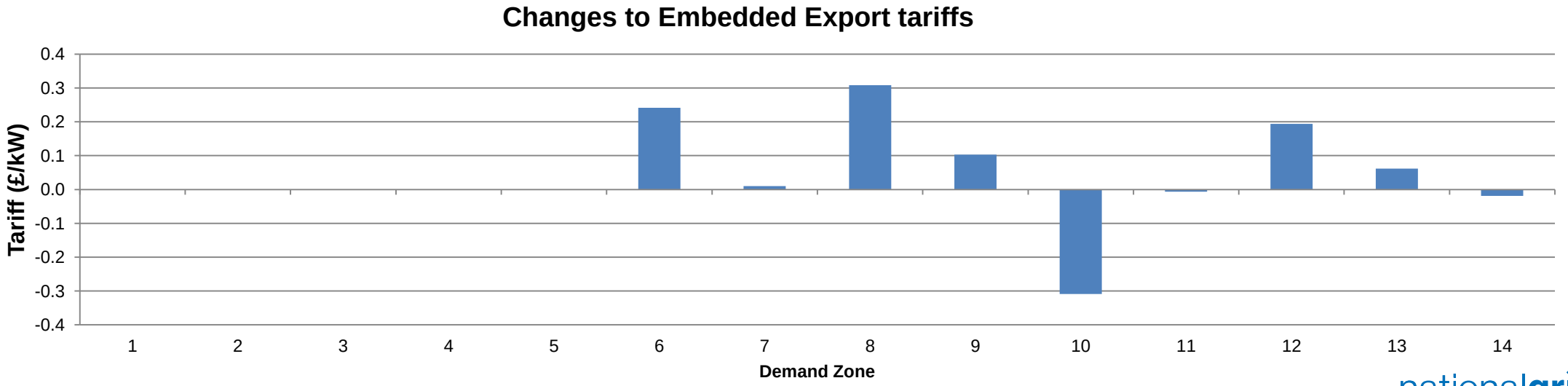
Embedded Export Tariff

- There has been minimal change in comparison to the 2020/21 Tariffs, the average tariff has increased by £0.14/kW to £2.51/kW and the EET charging base has reduced by 0.4GW to 6.8GW
- Zones 1 to 5 have an EET of £0.00/kW due to the phased residual reduction under CMP264/265
- Zones 6, 8, 9, 12 & 13 have increased, with zone 8 up by roughly £0.3/kW
- Zone 10 has reduced by £0.3/kW
- Zones 7, 11, 14 have seen minimal changes



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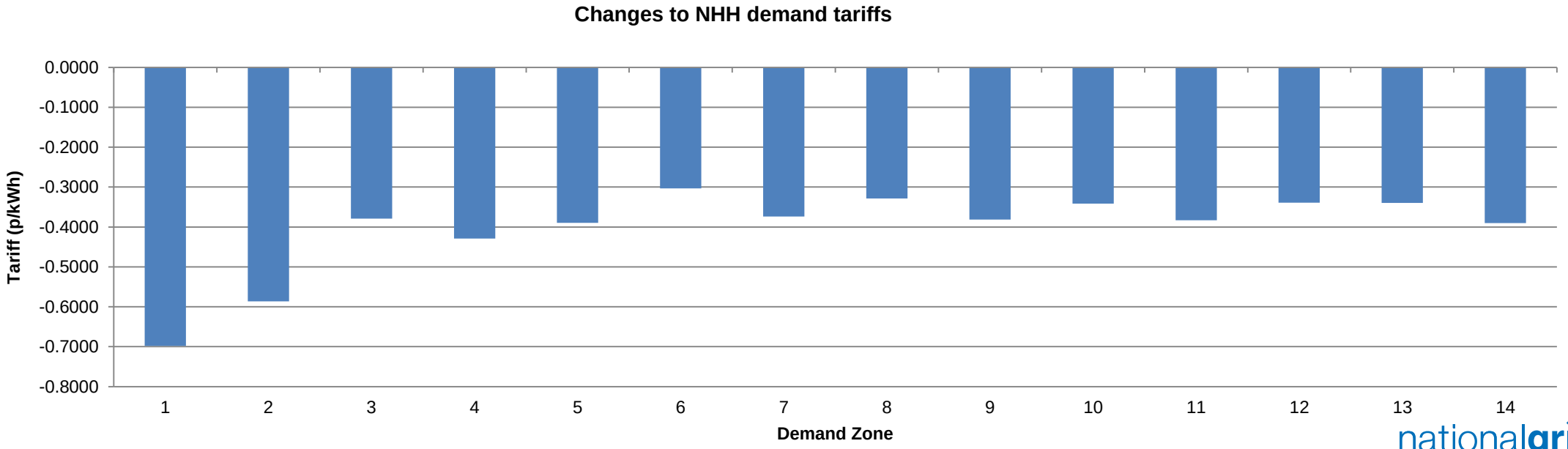
NHH Tariffs

- The average NHH tariff is 5.72p/kWh, which has decreased by 0.31p/kWh in comparison to 2020/21 Tariffs, mainly due to the impact of TGR.
- The impact of the HH demand charging base decreasing, will also have an impact, decreasing the expected revenue to be collected from HH
- The NHH tariffs have decreased in all zones, zones 1 & 2 have reduced the most (0.60p - 0.70p/kWh) whilst zone 6 has decreased the least (0.3p/kWh). The remaining zones have adjusted around the 0.35p/kWh.



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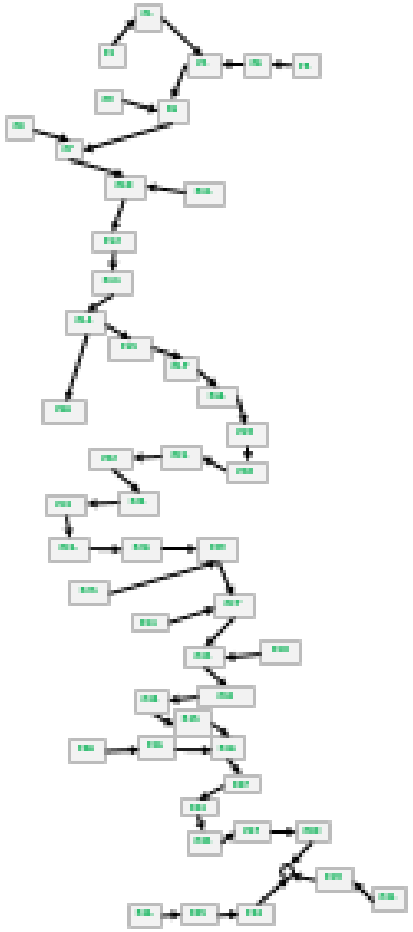
Sensitivity to change

Generation Zoning Sensitivity Analysis – 48 zones

- We are required under the CUSC to review generation zones at each price control
- Generation zones are then usually fixed within the price control period

		Tariffs (£/kW)						
						Example tariffs for a generator of each technology type		
Zone	Zone Name	System Peak	Shared Year Round	Not Shared Year Round	Residual	Conventional Carbon 80% Tariff (£/kW)	Conventional Low Carbon 80% Tariff (£/kW)	Intermittent 40% Tariff (£/kW)
1	Zone 1	3.562264	15.707581	45.706194	-0.016568	52.676716	61.817954	51.972658
2	Zone 2	1.666866	15.707581	14.981859	-0.016568	26.201851	29.198223	21.248324
3	Zone 3	3.647810	15.707581	36.763887	-0.016568	45.608417	52.961194	43.030352
4	Zone 4	-0.681317	19.694134	16.802836	-0.016568	28.499691	31.860258	24.663922
5	Zone 5	2.511181	16.445561	15.112523	-0.016568	27.741080	30.763585	21.674179
6	Zone 6	3.968410	19.314321	16.491983	-0.016568	32.596885	35.895282	24.201144
7	Zone 7	4.084331	19.694134	16.643999	-0.016568	33.138270	36.467070	24.505085
8	Zone 8	1.666866	17.905481	15.112523	-0.016568	28.064701	31.087206	22.258147
9	Zone 9	4.161072	20.270407	16.731945	-0.016568	33.746385	37.092774	24.823540
10	Zone 10	2.571733	14.471540	13.370668	-0.016568	24.828932	27.503065	19.142716
11	Zone 11	4.846430	14.471540	16.320069	-0.016568	29.463150	32.727164	22.092117
12	Zone 12	4.969074	16.786807	15.916695	-0.016568	31.115308	34.298647	22.614850
13	Zone 13	4.789462	15.273896	14.189360	-0.016568	28.343499	31.181371	20.282350
14	Zone 14	4.556804	14.886756	13.736887	-0.016568	27.439151	30.186528	19.675022
15	Zone 15	4.214900	19.663711	17.181704	-0.016568	33.674665	37.111006	25.030621
16	Zone 16	2.535133	9.949844	13.736887	-0.016568	21.467951	24.215328	17.700257
17	Zone 17	3.770178	12.634000	12.005011	-0.016568	23.464819	25.865821	17.042043
18	Zone 18	2.098013	12.030364	11.663775	-0.016568	21.036755	23.369510	16.459352
19	Zone 19	2.233786	12.560223	11.989546	-0.016568	21.857033	24.254942	16.997067
20	Zone 20	2.759209	8.495345	9.014648	-0.016568	16.750636	18.553566	12.396218
21	Zone 21	2.582738	8.901379	9.516437	-0.016568	17.300423	19.203711	13.060421
22	Zone 22	2.528946	10.388414	11.418425	-0.016568	19.957850	22.241535	15.557223
23	Zone 23	1.989746	7.132156	7.110870	-0.016568	13.367598	14.789772	9.947164
24	Zone 24	1.688262	6.006774	5.676647	-0.016568	11.018431	12.153761	8.062789
25	Zone 25	3.359657	11.704461	0.000000	-0.016568	12.706658	12.706658	4.665217
26	Zone 26	3.918572	4.466869	3.675570	-0.016568	10.415956	11.151070	5.445750
27	Zone 27	1.728953	6.867596	0.000000	-0.016568	7.206462	7.206462	2.730471
28	Zone 28	4.588162	1.778376	0.132201	-0.016568	6.100056	6.126497	0.826984
29	Zone 29	3.509931	-0.017503	0.000000	-0.016568	3.479361	3.479361	-0.023569
30	Zone 30	1.987654	0.480138	0.000000	-0.016568	2.355196	2.355196	0.175487
31	Zone 31	5.345478	-0.513243	0.000000	-0.016568	4.918316	4.918316	-0.221865
32	Zone 32	3.270948	-2.165891	0.000000	-0.016568	1.521668	1.521668	-0.882924
33	Zone 33	1.807946	-3.083163	0.000000	-0.016568	-0.675152	-0.675152	-1.249833
34	Zone 34	0.106514	1.645998	0.000000	-0.016568	1.406744	1.406744	0.641831
35	Zone 35	-2.283183	1.851460	0.000000	-0.016568	-0.818583	-0.818583	0.724016
36	Zone 36	9.703171	-4.860177	0.000000	-0.016568	5.798461	5.798461	-1.960639
37	Zone 37	-5.928025	-4.294744	0.000000	-0.016568	-9.380388	-9.380388	-1.734465
38	Zone 38	-1.882916	-0.215130	0.000000	-0.016568	-2.071588	-2.071588	-0.102620
39	Zone 39	-4.564615	4.212092	0.000000	-0.016568	-1.211509	-1.211509	1.668269
40	Zone 40	-4.614080	2.468493	0.000000	-0.016568	-2.655854	-2.655854	0.970829
41	Zone 41	-4.213155	3.892558	0.000000	-0.016568	-1.115677	-1.115677	1.540455
42	Zone 42	-2.865273	-2.247798	0.000000	-0.016568	-4.680079	-4.680079	-0.915687
43	Zone 43	0.084155	-3.911858	0.000000	-0.016568	-3.061899	-3.061899	-1.581311
44	Zone 44	-3.613366	-0.302511	0.000000	-0.016568	-3.871942	-3.871942	-0.137572
45	Zone 45	-1.627052	-3.224741	0.000000	-0.016568	-4.223412	-4.223412	-1.306464
46	Zone 46	-0.147702	-5.811403	0.000000	-0.016568	-4.813392	-4.813392	-2.341129
47	Zone 47	2.818669	-5.037728	0.000000	-0.016568	-1.228081	-1.228081	-2.031659
48	Zone 48	6.271503	-4.995642	0.000000	-0.016568	2.258421	2.258421	-2.014825

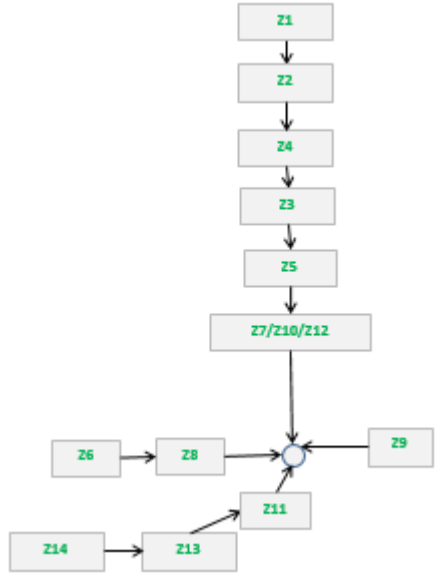


- These are the indicative generation zones under the current CUSC zoning criteria, and the connectivity map
- Zones can only be finalised when Transmission Owners (TOs) business plans are approved (expected November/December this year)
- Larger variations in zonal tariffs under 48 zones, compared to 27 zones as today

Generation Zoning Sensitivity Analysis – 14 zones

- CUSC mods CMP324/325 have been raised to review zoning criteria
- One of the options is to align generation zones with demand zones (14 in total)
- The indicative tariffs and connectivity map are given below (also published on our website)
- We have also published a table that maps sites to generation zones, under this option and the 48-zones option

		Tariffs (£/kW)						
						Example tariffs for a generator of each technology type		
Zone	Zone Name	System Peak	Shared Year Round	Not Shared Year Round	Residual	Conventional Carbon 80% Tariff (£/kW)	Conventional Low Carbon 80% Tariff (£/kW)	Intermittent 40% Tariff (£/kW)
1	Northern Scotland	3.338886	16.579329	16.503310	-0.205536	29.599462	32.900124	22.929506
2	Southern Scotland	3.390889	11.266905	10.105931	-0.205536	20.283622	22.304809	14.407157
3	Northern	3.813018	6.528988	3.474334	-0.205536	11.610140	12.305007	5.880394
4	North West	1.575110	4.974846	1.600107	-0.205536	6.629537	6.949559	3.384510
5	Yorkshire	4.588161	1.778122	0.132455	-0.205536	5.911087	5.937578	0.638168
6	N Wales & Mersey	3.863046	-0.379782	0.000000	-0.205536	3.353685	3.353685	-0.357448
7	East Midlands	3.381296	-0.441592	0.000000	-0.205536	2.822487	2.822487	-0.382172
8	Midlands	1.879293	-2.418201	0.000000	-0.205536	-0.260804	-0.260804	-1.172816
9	Eastern	-1.318947	1.827479	0.000000	-0.205536	-0.062499	-0.062499	0.525456
10	South Wales	7.658428	-0.441592	-4.493631	-0.205536	3.504713	2.605987	-4.875804
11	South East	-4.499261	3.286479	0.000000	-0.205536	-2.075613	-2.075613	1.109056
12	London	-3.685840	-0.441592	-1.423907	-0.205536	-5.383775	-5.668556	-1.806079
13	Southern	-1.278689	-2.689242	0.000000	-0.205536	-3.635618	-3.635618	-1.281232
14	South Western	0.974095	-5.143217	0.000000	-0.205536	-3.346014	-3.346014	-2.262822



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Transmission Demand Residual (TDR) Sensitivity Analysis

- TDR has the expected implementation date of April 2022, and thus is not part of the “central case” in this forecast
- We have however included a high-level and indicative analysis, to provide an early view
- Specific methodology options (e.g. floored/unfloored locational tariffs) and details (e.g. definition of sites) are being developed by the industry through CUSC mod process

Demand Residual Band	Consumption (GWh)	Consumption portion (%)	Revenue by Bands (£m)	Site Count	TDR Charge (£/Site) /year
Domestic	80620	33.60%	719.2	27800000	26
LV_NoMIC_1	1142	0.48%	10.2	715298	14
LV_NoMIC_2	4413	1.84%	39.4	536323	73
LV_NoMIC_3	5193	2.16%	46.3	268160	173
LV_NoMIC_4	15653	6.52%	139.6	268188	521
LV1	8904	3.71%	79.4	73131	1086
LV2	12011	5.01%	107.1	59237	1809
LV3	6818	2.84%	60.8	21649	2809
LV4	19050	7.94%	169.9	26904	6316
HV1	4648	1.94%	41.5	9165	4524
HV2	13104	5.46%	116.9	7462	15665
HV3	9156	3.82%	81.7	2680	30475
HV4	28674	11.95%	255.8	3407	75074
EHV1	167	0.07%	1.5	517	2878
EHV2	3949	1.65%	35.2	395	89182
EHV3	5093	2.12%	45.4	174	261083
EHV4	17610	7.34%	157.1	192	818176
Transmission connected	3699	1.54%	33.0	65	507600

Demand locational (floored)				
Zone	Zone Name	HH Demand Tariff (£/kW)	NHH Demand Tariff (p/kWh)	Embedded Export Tariff (£/kW)
1	Northern Scotland	0.000000	0.000000	0.000000
2	Southern Scotland	0.000000	0.000000	0.000000
3	Northern	0.000000	0.000000	0.000000
4	North West	0.000000	0.000000	0.000000
5	Yorkshire	0.000000	0.000000	0.000000
6	N Wales & Mersey	0.000000	0.000000	0.829249
7	East Midlands	0.000000	0.000000	3.080908
8	Midlands	1.125592	0.145496	4.639157
9	Eastern	1.760800	0.239698	5.274365
10	South Wales	0.000000	0.000000	1.987849
11	South East	4.664184	0.645826	8.177749
12	London	7.629917	0.769200	11.143482
13	Southern	6.003147	0.772445	9.516712
14	South Western	5.170934	0.718025	8.684499

Small Generator Discount (SGD) Sensitivity Analysis

- The SGD is expected to discontinue after 31 March 2021, therefore applicable generators will no longer receive the discount to their TNUoS tariffs.
- Similarly, there will be no additional charge added to demand tariffs to recover the cost of the scheme.

- However, if the SGD is extended using the same methodology, we forecast:

Generator Discount	£11.612666/kW
Half-hourly demand tariff increase	£0.716111/kW
Non half-hourly demand tariff increase	0.091407p/kWh

Next Steps

TNUoS Tariffs Forecast Timetable for 2021/22 Tariffs

There are currently many ongoing changes that will impact the TNUoS charging methodology and will therefore affect the value and accuracy of our forecasts.

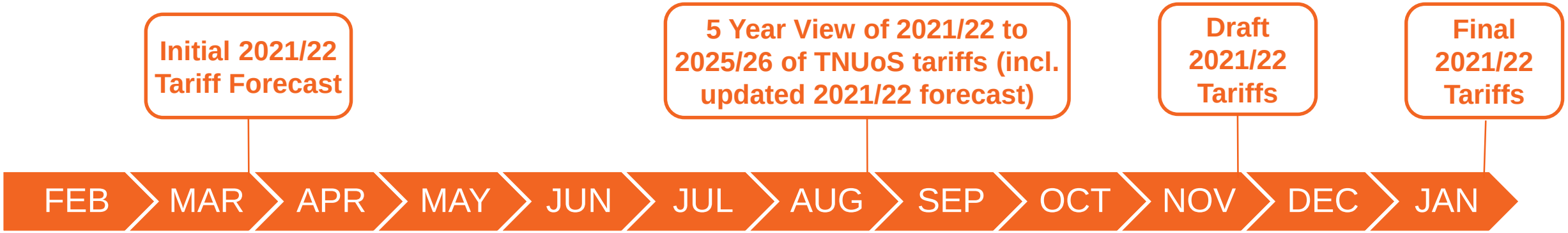
SCR
April 2021 onwards

- TGR – April 2021
- TDR – April 2022
- Network Access and Forward Looking Charging – likely April 2023

RIIO2 Reset
April 2021 - 2026

- Generation re-zoning
- Local elements – substation tariffs, onshore security factor, offshore tariffs
- Other parameters

The timetable for 2021/22 tariff forecast publications is as below:



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Getting involved

Transmission Charging Methodology Forum (TCMF)

- We will continue to engage with you on the content of our forecasts via the monthly TCMF meetings.

Interested? Further details can be found on the NGESO website

Charging Future Forum

- One place to learn, contribute and shape the reform of GB's electricity network access and charging arrangements

Interested? Further information can be found on the Charging Futures **Website** or sign up to receive more information **here**.

If you're not already subscribed to our mailing list you can **subscribe here**

Getting in touch

Your Questions

If you have any questions about this forecast please submit them via sli.do by 24th April, we will then provide answers via a Q&A document on our website.

Your Feedback

We are continuously looking at ways we can improve the experience of all our customers
We welcome your feedback on your experiences of the TNUoS tariff forecasting and setting process

Your Questions & Feedback survey:

Go to: www.slido.com
Event code: #MarchTariffs
Respond to 3 questions under 'Polls' and ask your questions under 'Q&A'

TNUoS Queries

E: Tnuos.Queries@nationalgrideso.com

Thank You

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