

## Modules

- Excluded charges
- Amount targeted
- Error margin

## Business Rules for CMP317/327 Original

### **Applicable Charges**

1. All local circuit and local substation charges will be considered assets required for connection and will therefore not be counted towards compliance with the limiting range.

### **Tariff Setting**

1. The charging methodology will calculate the applicable charges for generators. This will include the wider locational charge and all local circuit and substation charges.
2. The charging methodology will calculate the amount relevant to the Limiting Regulation. This will be all wider locational charges as local charges will be considered charges for assets required for connection.
3. The sum of the wider charges to generators will be converted into a €/MWh figure through using the relevant OBR forecast and total forecast generator output for the relevant chargeable generators.
4. This figure will be compared to the range contained in the limiting regulation adjusted by the applicable error margin. The error margin will continue to be calculated in the same manner as today utilising variation in previous years to provide an appropriate margin.
5. If the €/MWh figure falls outside of the error margin adjusted range, then a uniform adjustment will be made to each generator's tariff. This adjustment will result in a £/kW adjustment in the tariff for each generator.
6. The £/kW adjustment will be calculated by multiplying the difference between the error margin adjusted range and the €/MWh figure by generator output and the OBR exchange rate to give a £m figure. This figure will then be divided by generator TEC to provide a uniform adjustment to overall generator recovery.
7. The total TNUoS recovery from generators will therefore be the sum of all applicable charges to generators and any adjustment as per the paragraph above.
8. The relevant amount to be recovered through the transmission demand residual will therefore be: TO MAR – connection charges – (applicable generator charges – adjustment for Limiting Regulation compliance) - demand locational charges.

### **Ex post reconciliation**

1. If at the end of the financial year the amount recovered from generators divided by total generator output multiplied and factored by the prevailing exchange rate falls outside the range in the Limiting Regulation then an adjustment will be made.

2. This adjustment will be applied to all generators as a £/kW figure calculated by multiplying the difference between the out-turn €/MWh and either the cap or floor of the range, multiplying by actual generator output and the OBR exchange rate.
3. The amount rebated/billed to generators will be apportioned to suppliers based on the TDR banding methodology within the CUSC as an ex-post end of year adjustment.

### **Transmission Generation Residual**

1. The transmission generator residual will be set to 0.