

CMP213 Project TransmiT TNUoS Developments



CUSC Modifications Panel 31 May 2013
Emma Clark – Code Administrator

Background

- Ofgem launched an SCR in July 2011 to ensure that arrangements are in place to facilitate a timely move to a low carbon energy sector whilst providing safe and secure network services at value for money for customers.
- Ofgem Consultation December 2011 – February 2012
- Conclusions and Direction to NGET May 2012
- CMP213 raised in June 2012.

Defect

- TNUoS charges need to evolve to maintain a consistent level of cost reflectivity as a greater proportion of variable, renewable generation connects to the network.
- Need to take account of HVDC in the charging calculation and produce cost reflective tariffs.
- Need to take account of Island links in the Transmission business and produce cost reflective tariffs.

CMP213 Solution

- Seeks to modify the TNUoS charging methodology to;
 - Recognition of network capacity sharing by generators in the Investment Cost Related Pricing (ICRP) TNUoS charge calculation;
 - Introduction of an approach for including HVDC links that parallel the onshore AC network into the charging methodology;
 - Introduction of an approach for including Island links in the charging methodology.

Workgroup Consultation

- Took place December 2012 – January 2013
- 21 responses received
- Wide variety of views expressed

Workgroup Vote

- Workgroup voting took place on 18th March (15 voted)
 - Original and 18 WACMs received majority support
 - Chair saved further 8 WACMs
 - No majority support for original nor any WACMs
 - Best supported WACM: WACM7 (5 votes);
 - Sharing – as original (i.e. no diversity)
 - HVDC – removal of 60% converter costs
 - Islands – removal of 70% of converter costs
 - 5 votes for baseline

Code Administrator Consultation

- Took place April - May 2013
- 26 responses received
 - Majority support against the baseline.
 - Majority support for WACM 7
 - Mixed response on implementation and no overall majority. However, highest number of respondents preferred April 2014 implementation.

National Grid Opinion

- CMP213 Original better facilitates the Applicable CUSC Objectives.
- Implementation of April 2014 is achievable, but April 2015 may be more efficient for the end consumer to avoid a risk premium being applied to energy charges.
- WACM16 provides the best overall solution against the Applicable CUSC Objectives.

Draft CUSC Modification Report

- Issued on 14th May 2013 for Industry Comment.
- One comment from RWE raising a concern with the revised Impact Assessment Modelling Results submitted by National Grid, in that it contains material information and should therefore be considered by the CMP213 Workgroup.

Panel Recommendation Vote

- Use of System Charging Methodology
- (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;
- (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.

SCR Direction

- 2) For the reasons set out at paragraphs 3.11 to 3.18 of the SCR conclusions document, the Authority considers that it is appropriate for industry to consider further developing the method of calculating TNUoS charges within the UoS charging methodology in accordance with the principles of ICRP so that:
 - a) it better reflects the differing incremental impacts of individual generators on the Transmission Owners' costs in a manner which is consistent with the Security and Quality of Supply Standard (SQSS),
 - b) it maximises benefits to current and future consumers, and
 - c) it more generally achieves the TransmiT objectives.

Questions?

