

CMP234 'Incorporation of Biddable Indexation of OFTO revenues in TNUoS'



CUSC Panel – 31 October 2014
Jade Clarke – Code Administrator

Background

- Raised by National Grid Electricity Transmission Plc on 29th August 2014
- Under Offshore Tender Rounds 1 and 2, the allowed revenue of each appointed Offshore Transmission Owner (OFTO) is fully indexed annually to Retail Price Index (RPI).
- Ofgem have introduced the option for bidders to specify the proportion of OFTO revenue they wish to be indexed to RPI.
- Generators connecting to an offshore network pay local TNUoS charges.

Proposed CUSC Modification

- CMP234 aims to adjust the indexation of local TNUoS charges relating to Offshore transmission assets to match that applied to the revenue of the associated OFTO.
- This would ensure that the link between OFTO revenue and TNUoS charges established for offshore projects forming part of Tender Rounds 1 and 2 would be maintained for those under Tender Round 3.
- Changes are proposed to CUSC Section 14
- CUSC Panel determined that CMP234 should be considered as Self-Governance.

Code Administrator Consultation

- 3 responses received
 - Supportive of proposed modification and implementation approach.

National Grid Opinion

- CMP234 better facilitates Applicable CUSC Objectives (a), (b) and (c).
- This Modification ensures that local Offshore TNUoS charges remain cost reflective by accounting for changes to the OFTO licence terms under Tender Round 3. This in turn facilitates competition by ensuring that generators connecting to transmission assets subject to Tender Round 3 are charged on an equivalent basis to those connecting to assets subject to earlier tender rounds.

Questions before Panel Vote?



Panel Determination Vote

- (a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as 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 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.

Implementation

- Appeal Window Commences **31st October 2014**
- Appeal Window Closes **21st November 2014**
- Pending any appeals, CMP234 to be implemented at the start of the next charging year on **1st April 2015**