



Ensuring the TNUoS paid by
Generators in GB in Charging Year
2015/16 is in compliance with the
€2.5/MWh annual average limit set
in EU Regulation 838/2010 Part B (3)

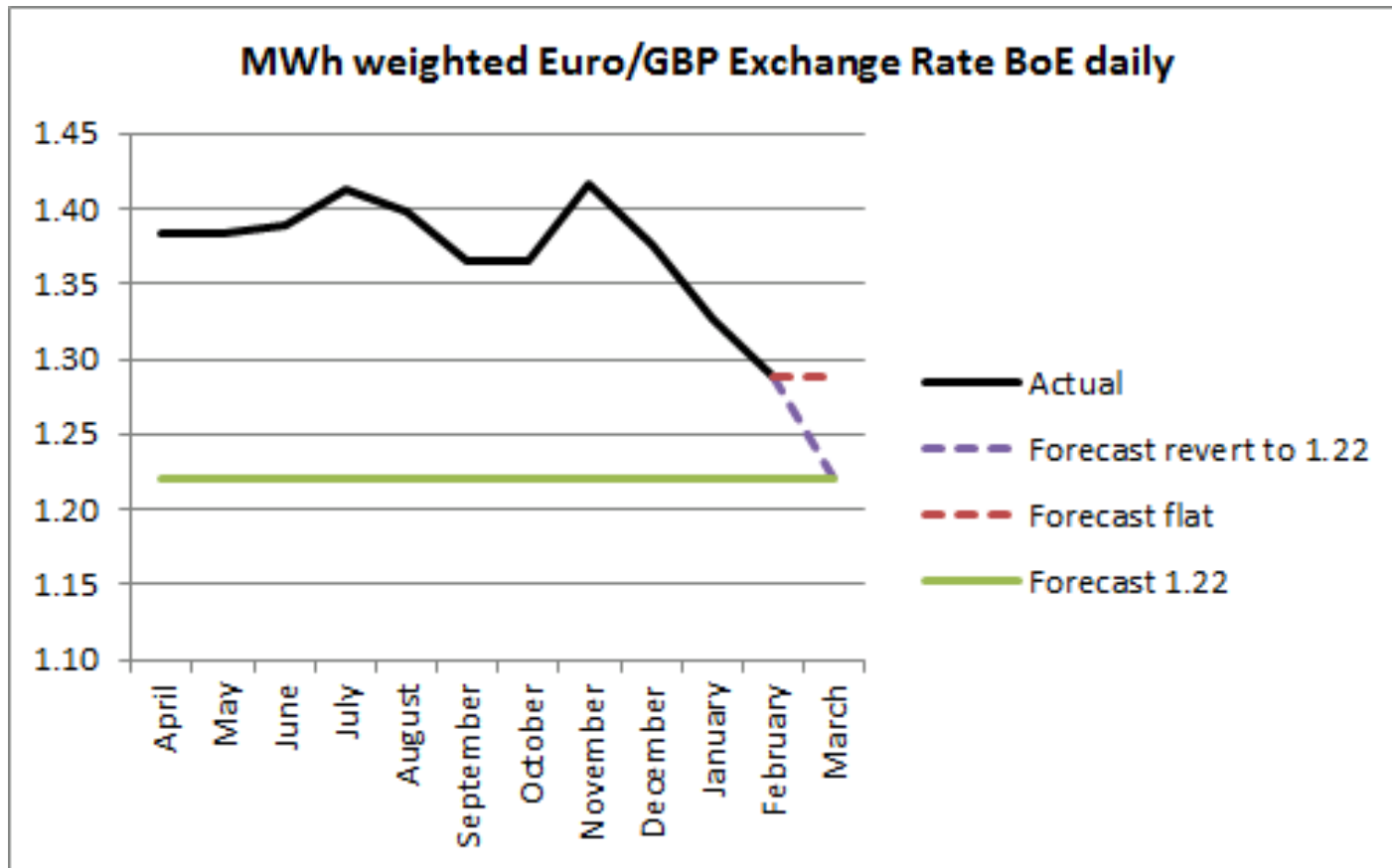
Garth Graham

9th March 2016

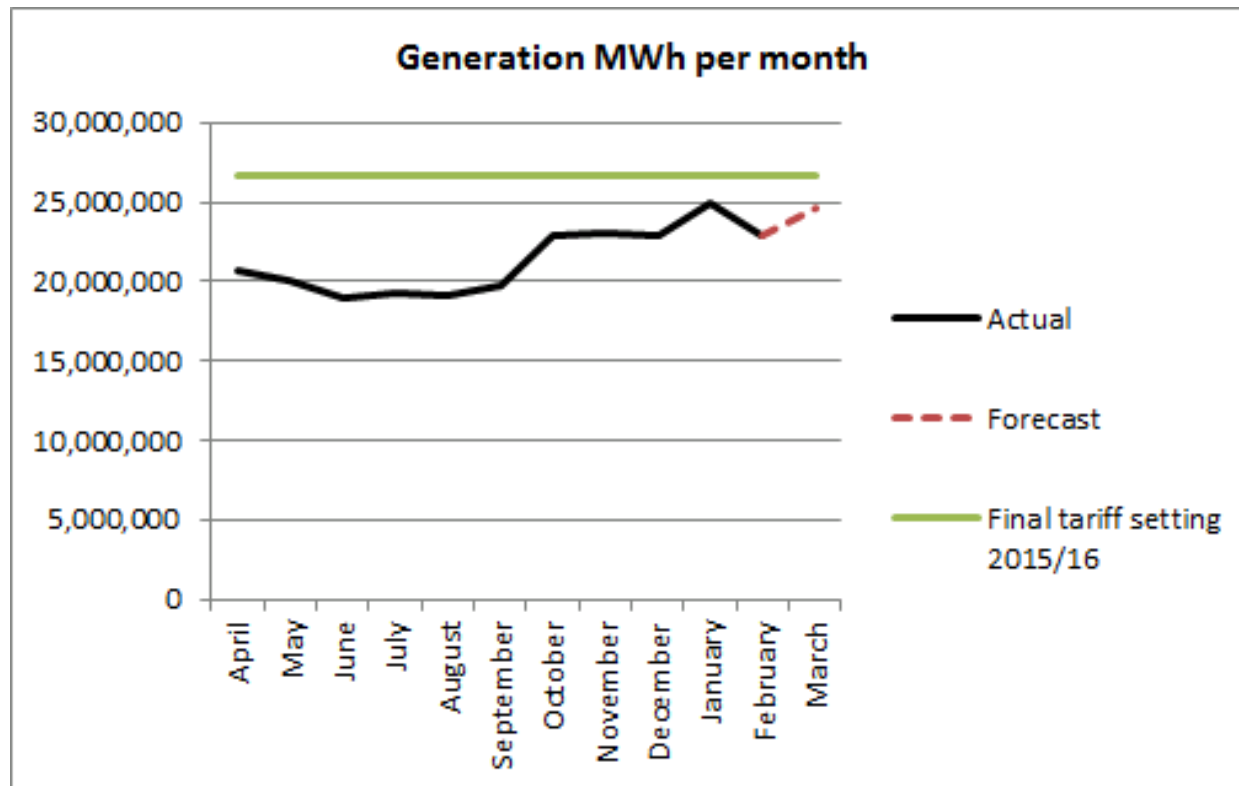
Background to this Modification (1)

- “COMMISSION REGULATION (EU) No 838/2010 of 23 September 2010 on laying down guidelines relating toa common regulatory approach to transmission charging”
 - Part B (3) “Annual average transmission charges paid by producers in Ireland, Great Britain and Northern Ireland shall be within a range of 0 to 2,5 EUR/MWh...”

The Defect (1)



The Defect (2)



The Defect (3)

- Indicative estimate, based on publically available information (up to end of February) is that the average annual TNUoS charges paid by generators in GB, in charging year 2015/16, is amounting to circa €3.25 /MWh, which is approximately €0.75/MWh, or 30%, in excess of the requirement of the €2.50/MWh upper limit in the Regulation.

The solution

- **Based on the CMP251 original solution (Option 1)**
 - **Reconciliation of Generator TNUoS for 2015/16 in spring 2016**
 - **Reconciliation of the amount paid to Generators (in spring 2016) recovered from Suppliers (via demand charges) in 2017/18**
- **Change implemented within 2015/16**

Assessment against the applicable CUSC objectives (1)

- In respect of (a) it (i) removes the uncertainty / risk of infraction proceedings; and (ii) it removes uncertainty / risk of changes to charges at a later date. These uncertainties / risks undermine generators/suppliers commercial positions and therefore interfere with the correct functioning of the markets in generation and supply of electricity.
- In respect of (b) by ensuring that the charges are set in accordance with the regulation this will ensure they more reflect of costs than if this change were not undertaken.

Assessment against the applicable CUSC objectives (2)

- In respect of (d) Regulation (EC) No 714/2009 and Commission Regulation 838/2010 are binding for all Transmission licensees across Europe. We believe that this proposal ensures that GB remains compliant with the European legislation and properly reflects National Grid's duties in the development of its transmission business.

Justification for Urgent Status

- This proposal should be treated as urgent as it is linked to an imminent date related issue; namely that the average annual amount to be recovered from generators in Great Britain in charging year 2015/16 will exceed the €2.50/MWh limit set out in EU law (Commission Regulation (EU) No 838/2010, Part B paragraph 3) that if not urgently addressed may cause:
 - One or more parties to be in breach of relevant legal requirement(s); and / or
 - A significant commercial impact on generator parties.