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SUPPORTING A RENEWABLE FUTURE

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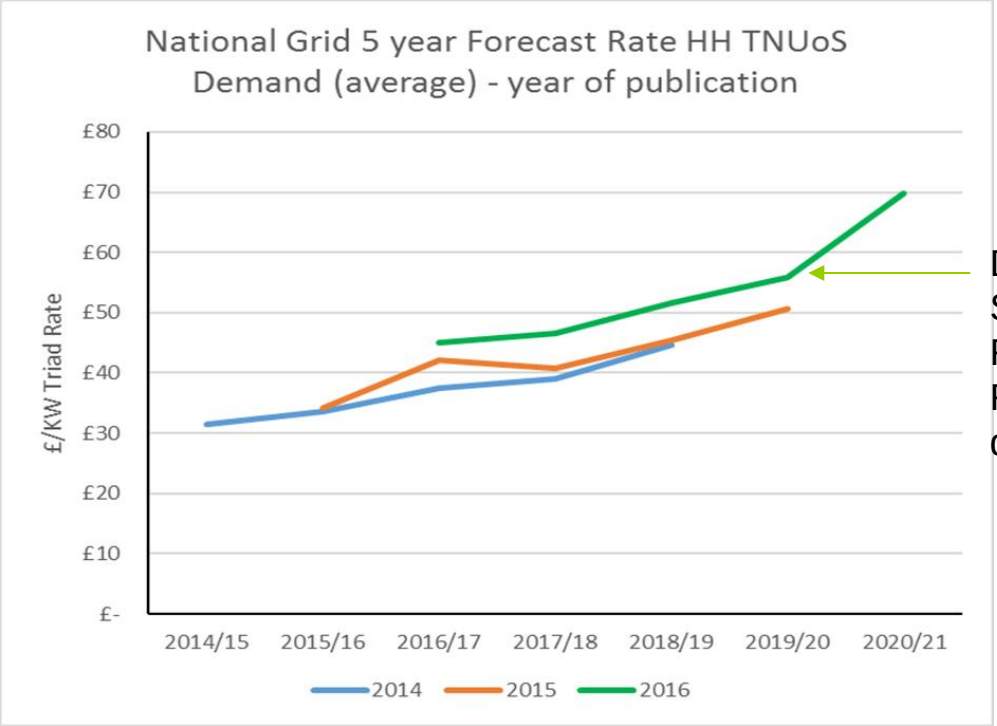
CMP274: Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS

- Issue that CMP274 seeks to address
- How CMP274 addresses the issue
- Why CMP274 better meets the CUSC objectives

CMP274: Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS

- Existing Triad methodology for allocating and charging demand users and embedded generation is creating distortions across the following areas;
  - Capacity Market Auctions
  - Contracts for Difference Auctions
  - Wholesale winter peak electricity market

- Demand Residual element of the Demand TNUoS methodology is increasing and compounding due to changing generation mix and increase in distributed generation;



Demand residual element increasing Significantly in latest 5 year Demand TNUoS Forecast as published by National Grid Resulting in several intrinsically linked distortions.

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- Introduce Transmission Time of Use Tariff for allocation of the Demand TNUoS charges split between;
  - **Winter Peak Charge**
    - Locational Element = continued allocation over Triad
  - **Winter Round Charge**
    - Residual Element = allocation over new winter baseline measured on average position over the following;
      - Period = November – February, Monday – Saturday (excluding Sundays and Bank Holidays)
      - Window = 06:30 – 10:30 & 16:30 – 20:30

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Significantly dilutes distortionary Transmission Network charging signal

- Changes the Demand Residual allocation/measurement of average capacity factor from current 3 SPs of Demand TNUoS to 1600 SPs
- Changes distortionary behaviour of DSR, onsite and distributed generation

Maintains appropriate Transmission Network locational signal

Locational element of Demand TNUoS still allocated/measured over Triad of 3 SPs based highest peaks identified after the winter period.

Introduces Transparency and protects vulnerable customers

Time of use tariff is easily understood and known ahead of time as opposed to current methodology that is known after the season ends.

Improves cost reflectivity

Introduces a larger baseline of demand users consumption to more accurately and fairly allocate larger element of demand TNUoS costs whilst mitigating potential distortionary impacts of PV distributed generation.

Significantly reduces Embedded Benefits

In order for DSR/embedded generation to hit 100% gross TNUoS Embedded Benefit means running approximately 800hrs

Significantly reduces Net Triad Benefit embedded generation/DSR due to;

High operational costs make running purely for Demand Residual embedded benefit uneconomic

Environmental legislation caps large volumes of embedded generation and onsite generation annual run hours to 500 per annum (MCPD)

Majority of Embedded Generation and DSR does not have capacity to run for extended hours (Fuel or operational limitations).

Results;

- Significantly reduces DSR/Embedded Generation running out of merit in wholesale market
- Significantly reduces net Triad benefit previously relied upon for newbuild capacity market distributed generation CMUs bidding into capacity market and contracts for difference auctions.

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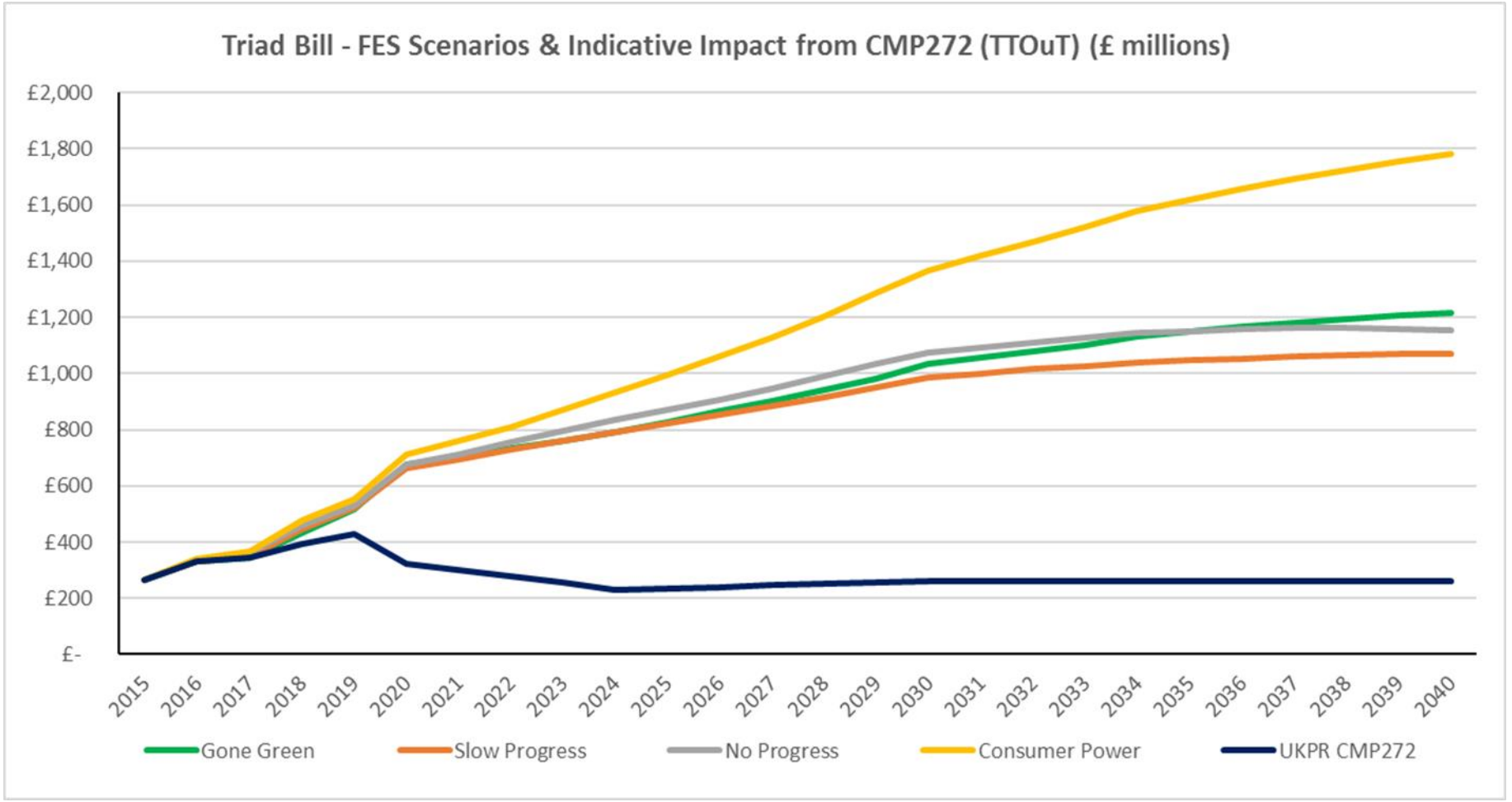

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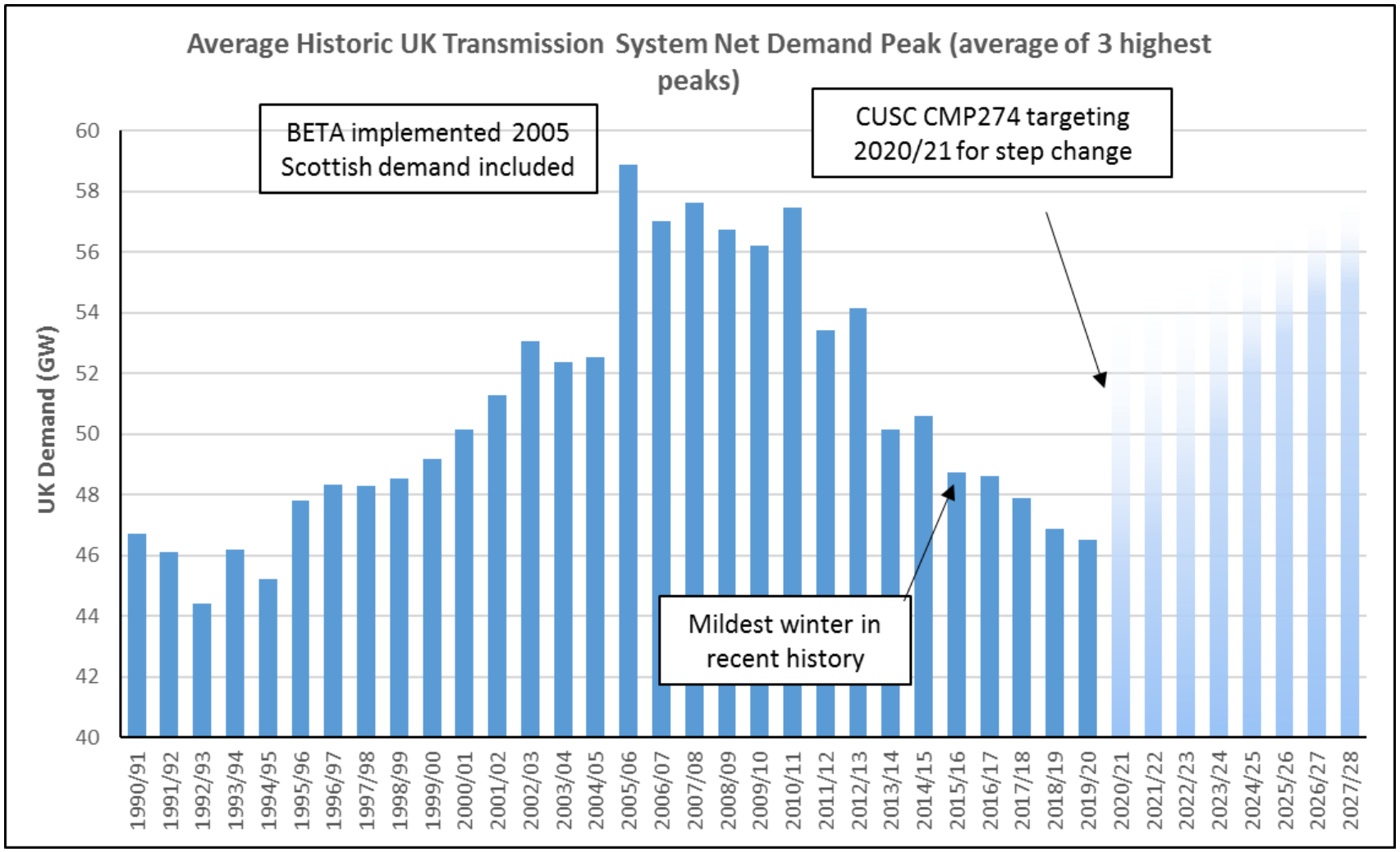

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Better Meets CUSC Objectives:

✓	**(a) Facilitates competition in the generation and supply of electricity** Significantly reduces Net TNUoS Embedded benefit for distributed generation; Significantly reduces out of merit running price signal Significantly reduces reliance on TNUoS Embedded Benefits for distributed generation bidding into the Capacity Market of Contracts for Difference Auctions. Levels the playing field between DSR and behind and in front of meter embedded generation assets
✓	**(b) Cost Reflective** Better reflection of demand users time of use to allocate Transmission Network charges in a fair and equitable way. Maintains an appropriate locational signal to reflect transmission investment costs
✓	**(c) takes account of the developments in transmission licensees' transmission businesses*;** Removes distortions and volatility which potential impact security of supply over the winter darkness peak through reducing incentives to avoid Demand TNUoS charges or embedded generation export out of merit.
✓	**(e) Promoting efficiency in the implementation and administration of the CUSC arrangements** Relatively easy to implement with minimal system changes and makes use of existing charging elements

Modification timetable



Heena Chauhan – Code Administrator

CMP271 Progression

- The Panel is asked to agree:
  - Whether CMP274 should be progressed through Self-governance
  - Whether CMP274 should be progressed as urgent?
  - How to progress CMP274
    - Workgroup
    - Code Administrator Consultation

Proposed Timetable (1/2)

20 September 2016	CUSC Modification Proposal submitted
30 September 2016	CUSC Modification tabled at Panel meeting
5 October 2016	Request for Workgroup members (10 Working days)
W/C 31 October 2016	First Workgroup meeting
w/c 30 January 2017	Workgroup meeting prior to Workgroup Consultation
9 February 2017	Workgroup Consultation issued (15 Working days)
3 March 2017	Deadline for responses
w/c 13 March 2017	Workgroup meeting post Workgroup Consultation
w/c 3 April 2017	Workgroup meeting to vote
20 April 2017	Workgroup report issued to CUSC Panel
28 April 2017	CUSC Panel meeting to discuss Workgroup Report

Proposed Timetable (2/2)

4 May 2017	Code Administrator Consultation issued (15 Working days)
28 May 2017	Deadline for responses
12 June 2017	Draft FMR published for industry comment (5 Working days)
19 June 2017	Deadline for comments
22 June 2017	Draft FMR circulated to Panel
30 June 2017	CUSC Panel Recommendation vote
5 July 2017	FMR circulated for Panel comment (5 Working days)
12 July 2017	Deadline for Panel comment
14 July 2017	Final report sent to Authority for decision
18 August 2017	Indicative Authority Decision due (25 Working days)
25 August 2017	Implementation date (5 Working days later)