

## CMP213 – Workgroup Meeting 5



Re-referencing Example

8<sup>th</sup> August 2012

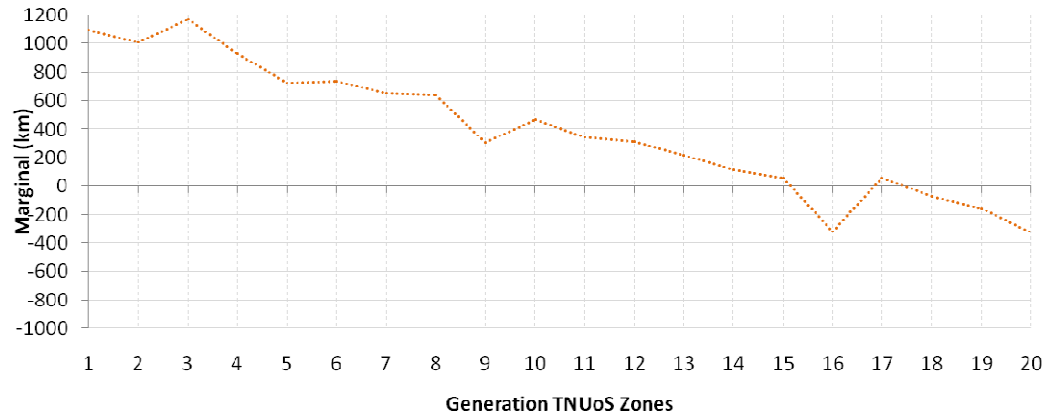
## Generation TNUoS Tariff Construction

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- Four part tariff process:
  1. Unadjusted
  2. Re-referenced
  3. Residual
  4. Final
- Collect allowed revenue
- Maintain locational differentials

# Generation Tariff – Unadjusted

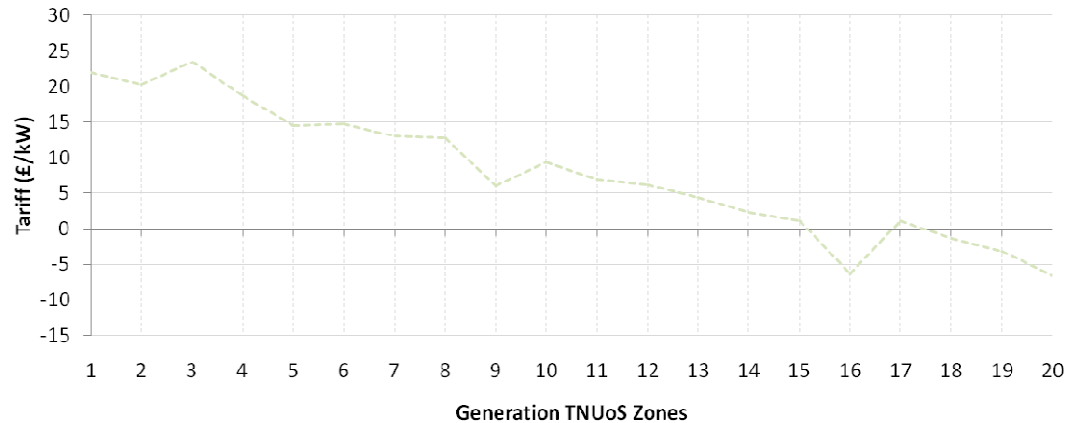
Unadjusted Transport Zonal Wtd. Marginal (km)



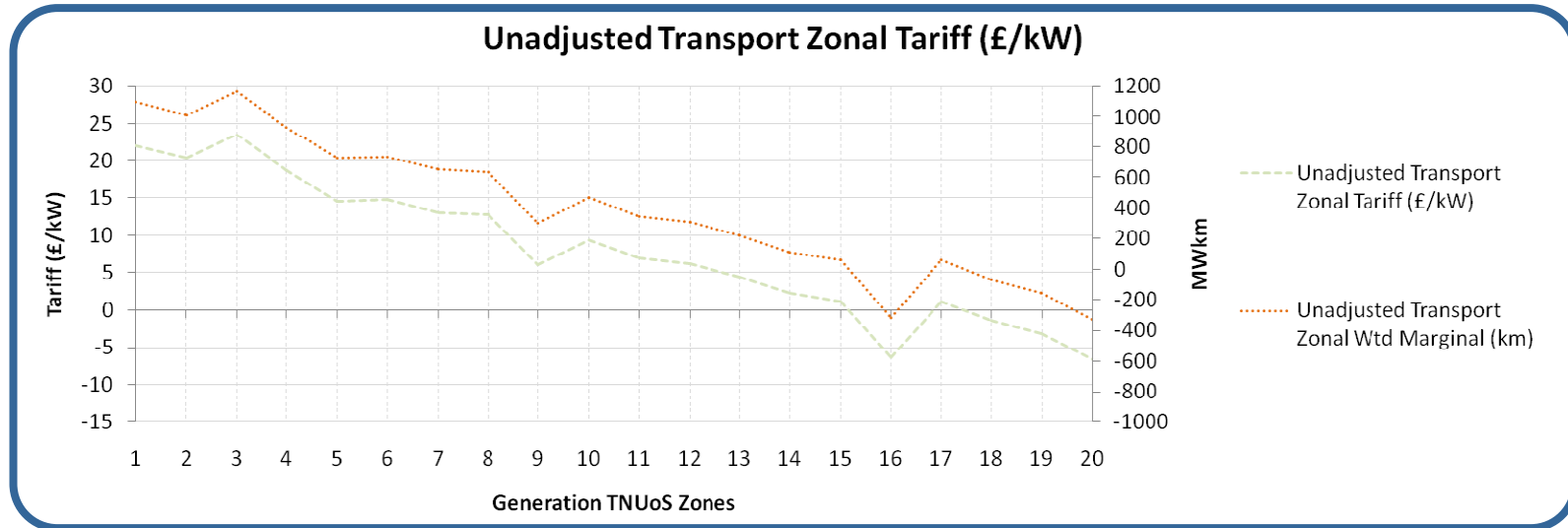
**X EC**  
( £/MWkm )

**X SF =**  
( 1.8 )

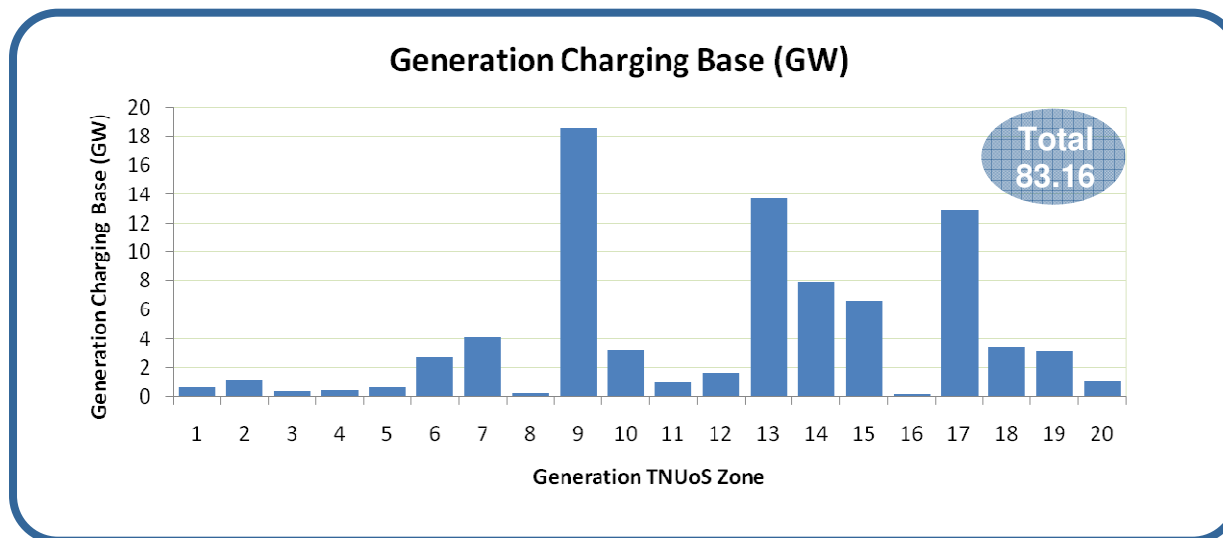
Unadjusted Transport Zonal Tariff (£/kW)



# Generation Tariff – Unadjusted

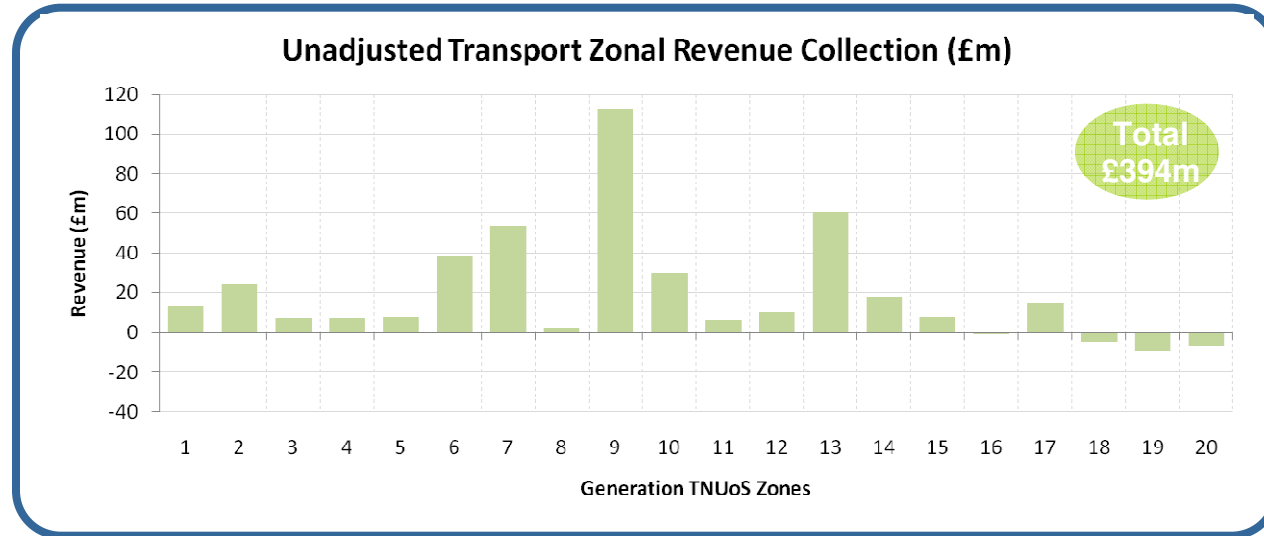


**X**

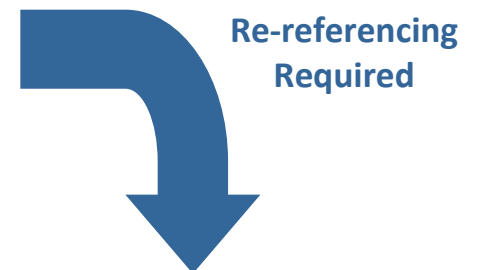
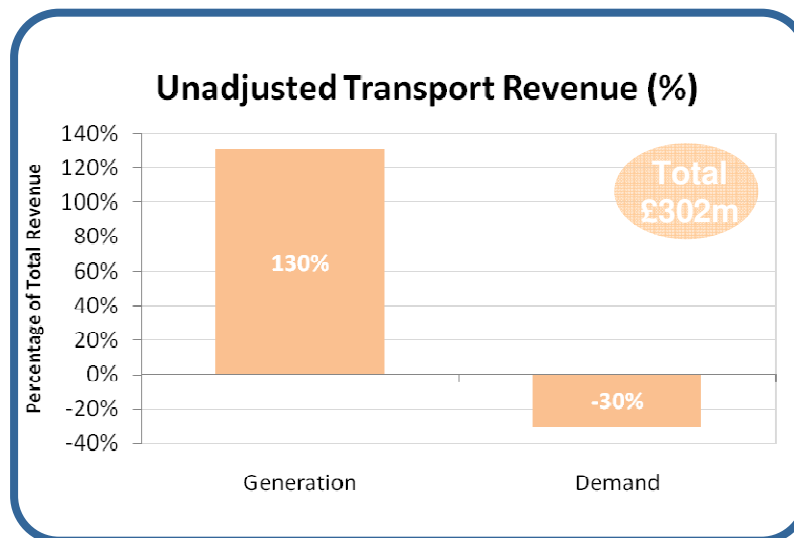


**=**

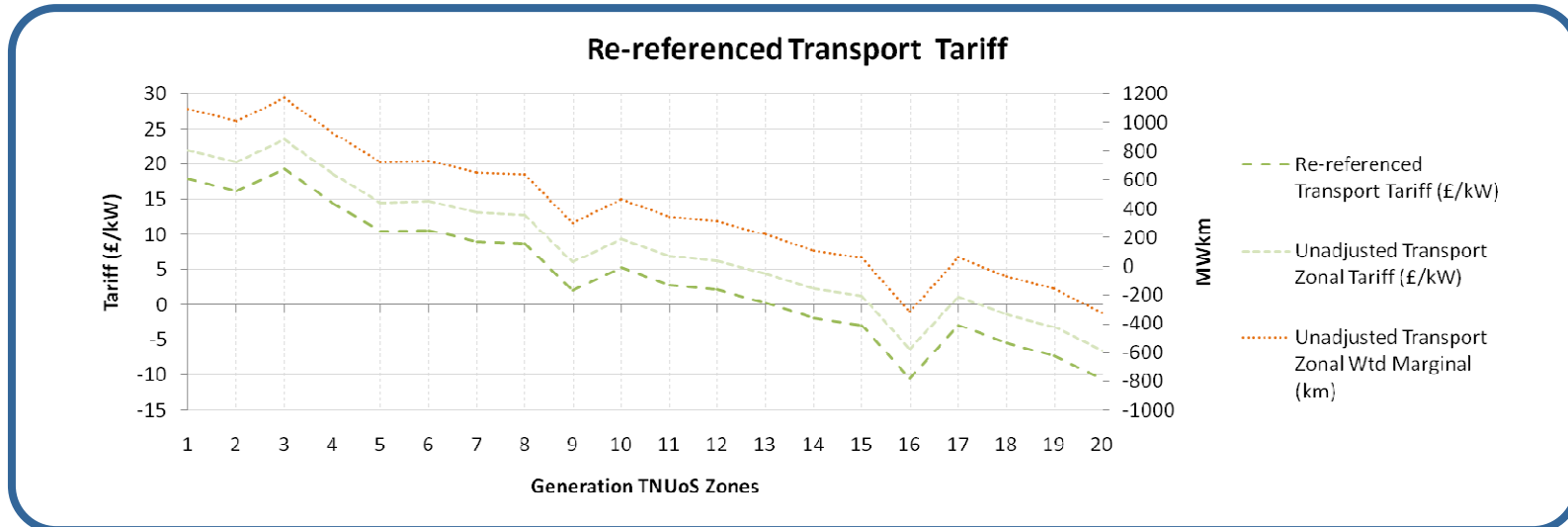
# Generation Tariff – Unadjusted



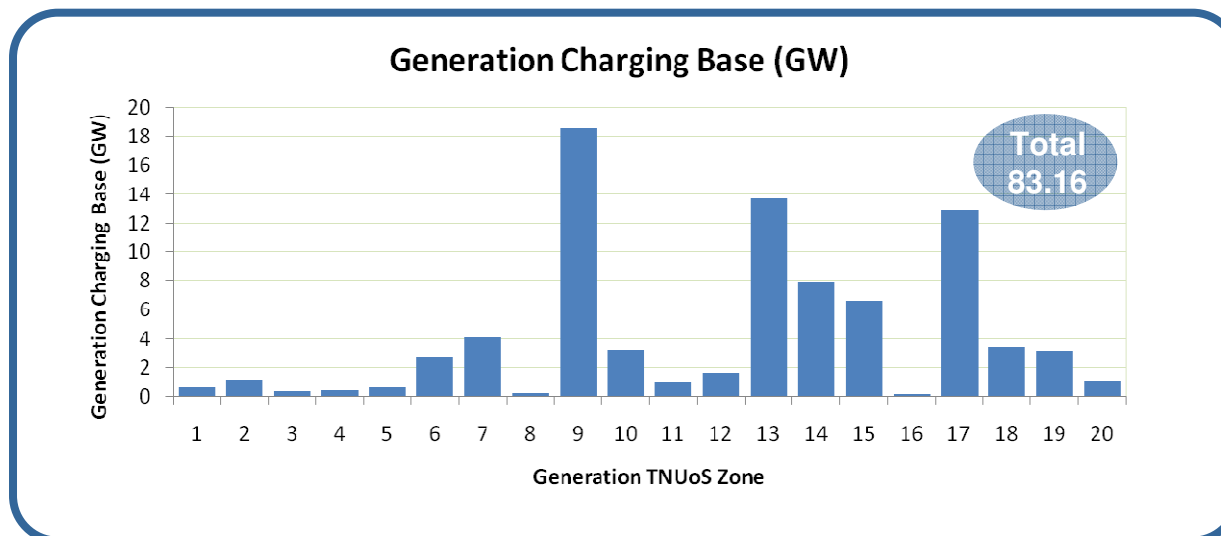
**Total Relative to Demand** =



# Generation Tariff – Re-referenced

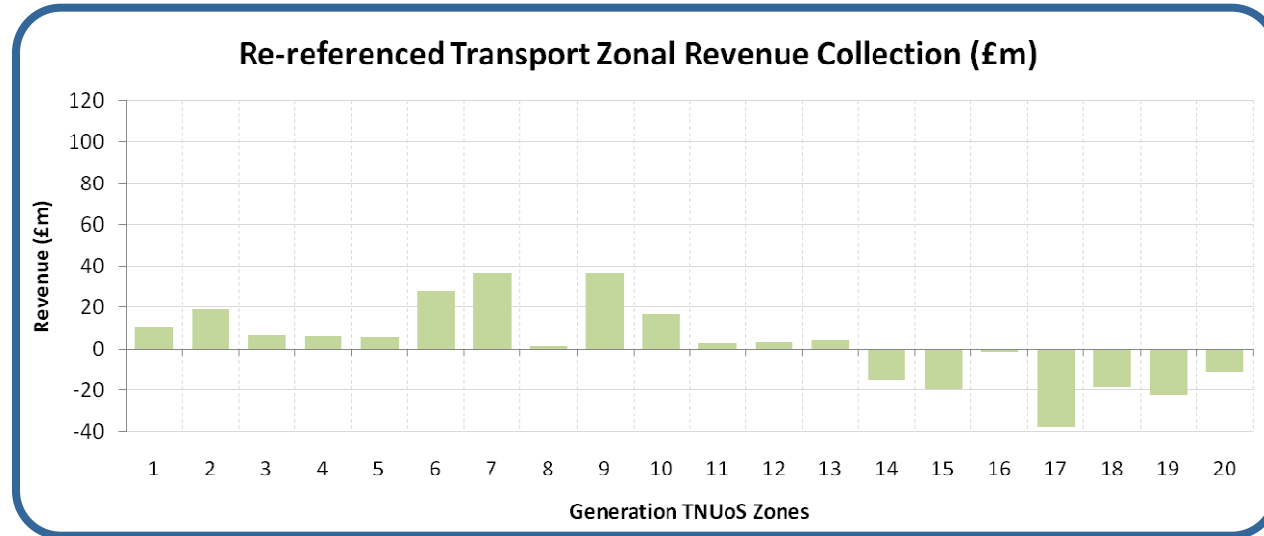


X

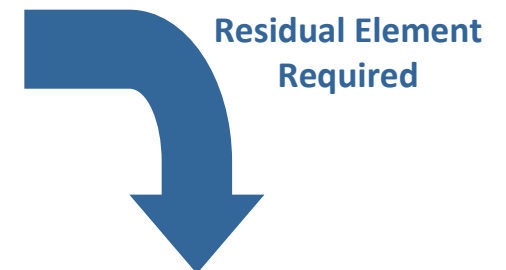
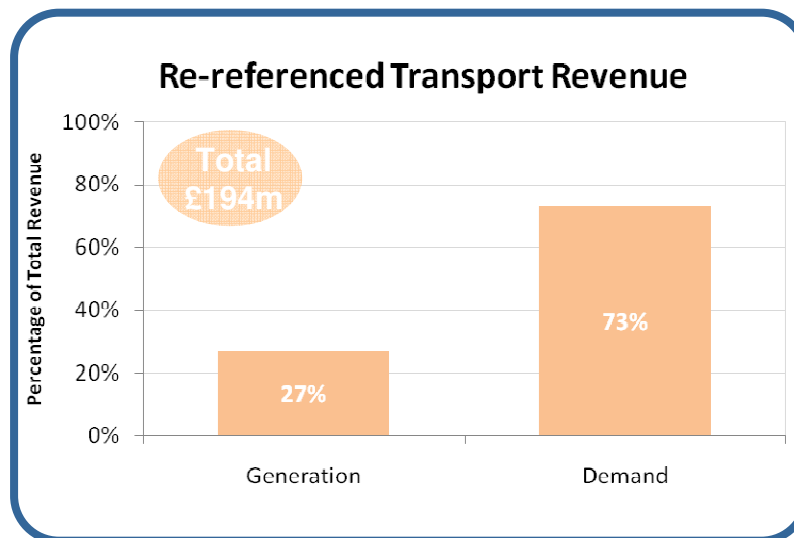


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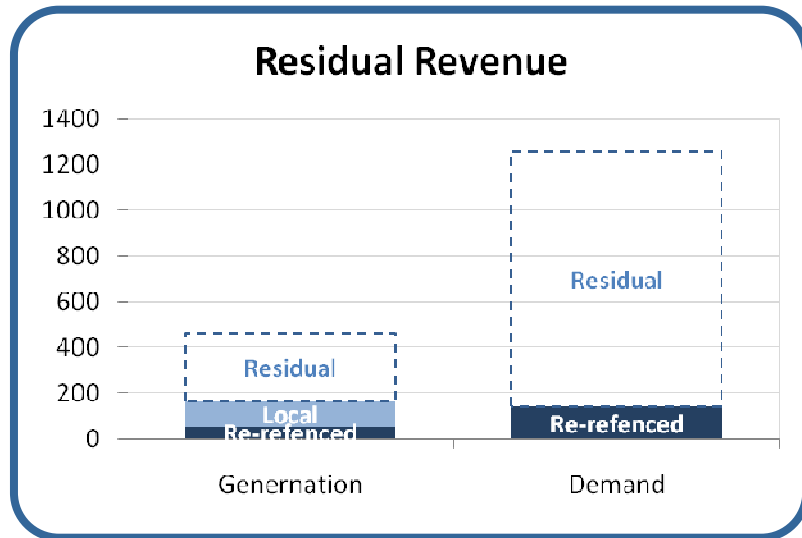
# Generation Tariff – Re-referenced



**Total Relative to Demand** =



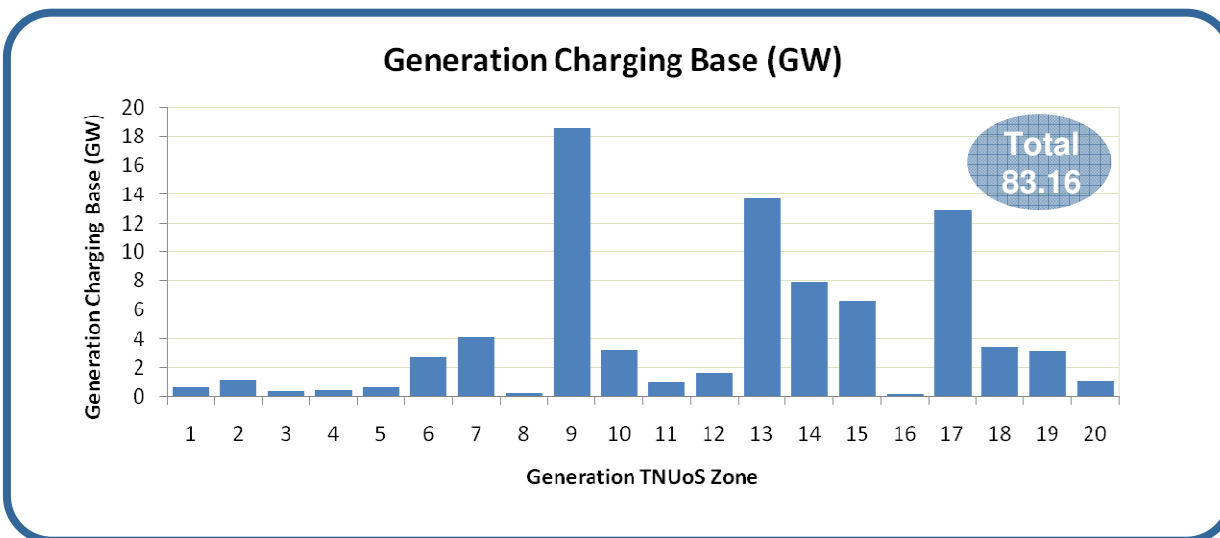
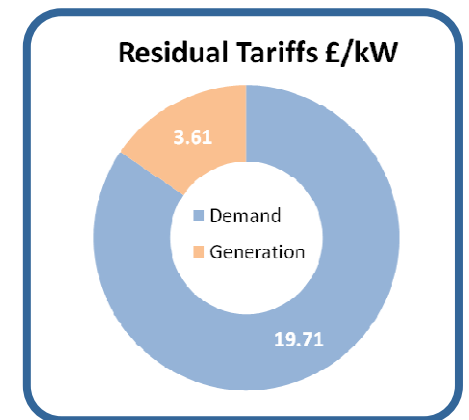
# Generation Tariff – Residual



**£300.03m**

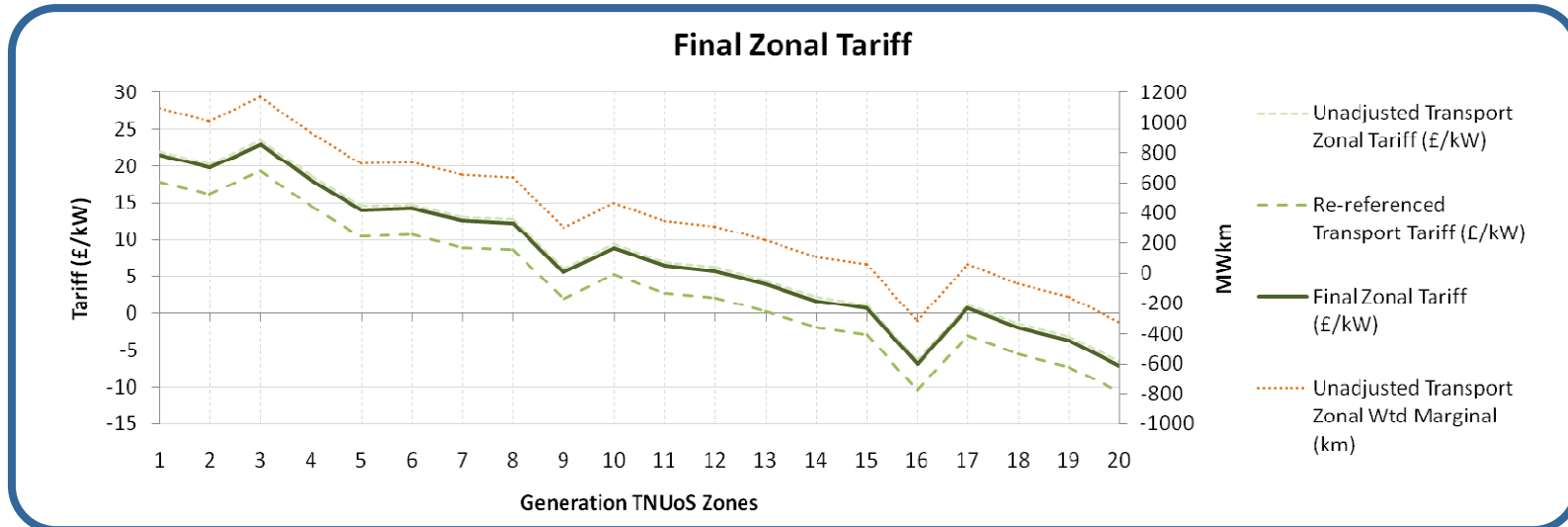
**= 3.61**  
( £/kW )

**83.16GW**

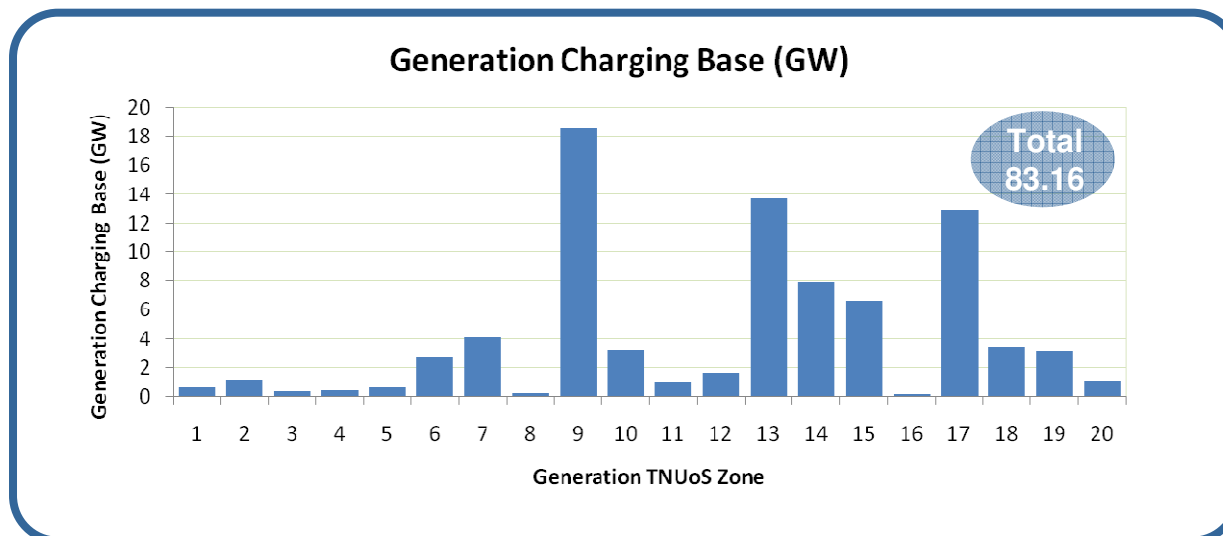




# Generation Tariff – Final Tariffs

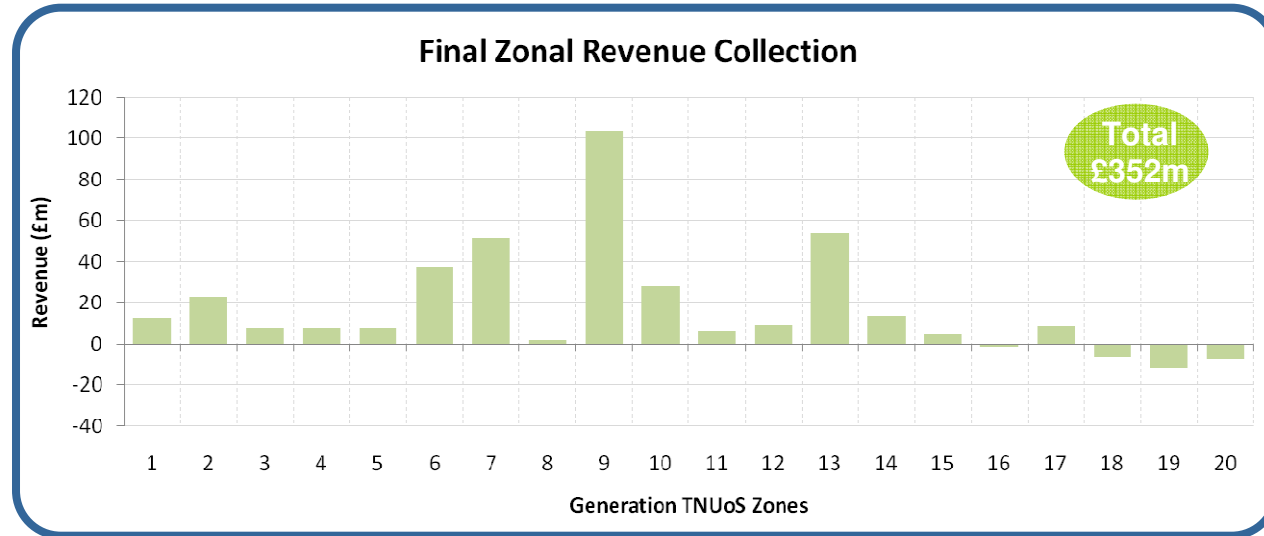


X

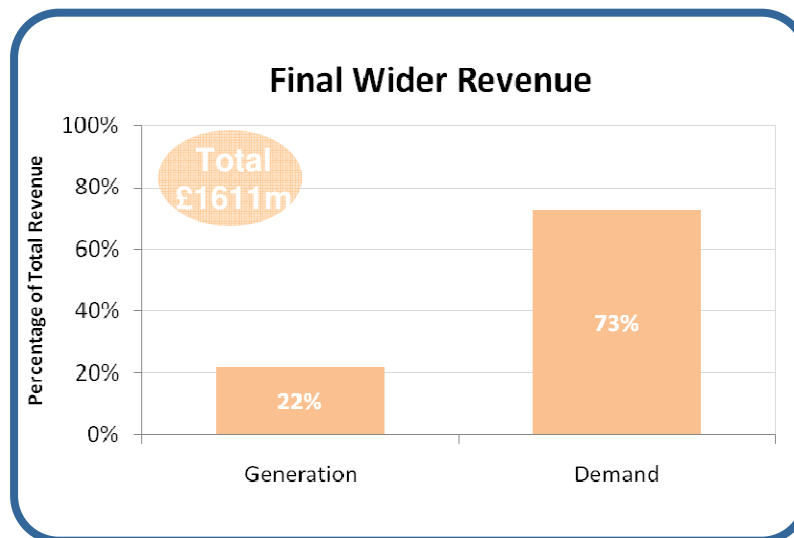


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# Generation Tariff – Final Tariffs



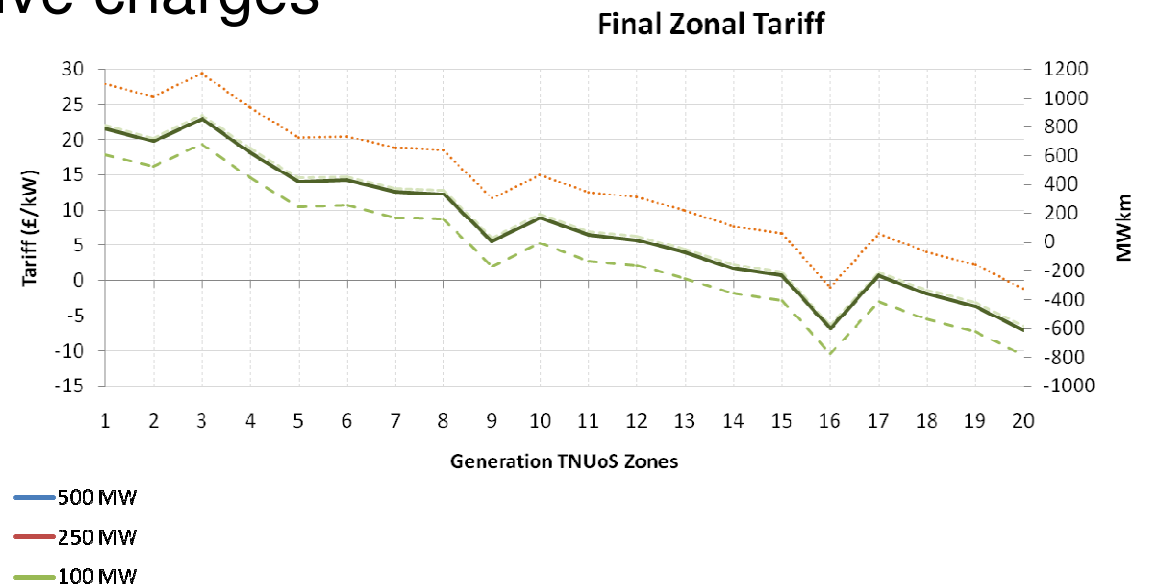
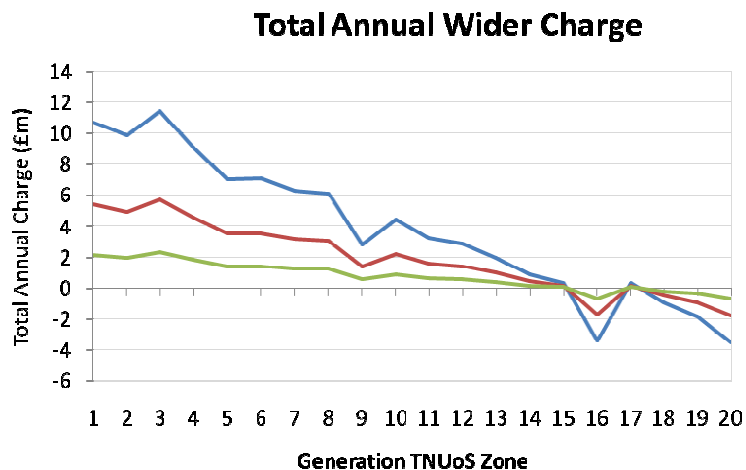
**Total Relative to Demand** =



**+ £113m**  
 (Local revenue for generation)  
 (+ Wider revenue = 27%)

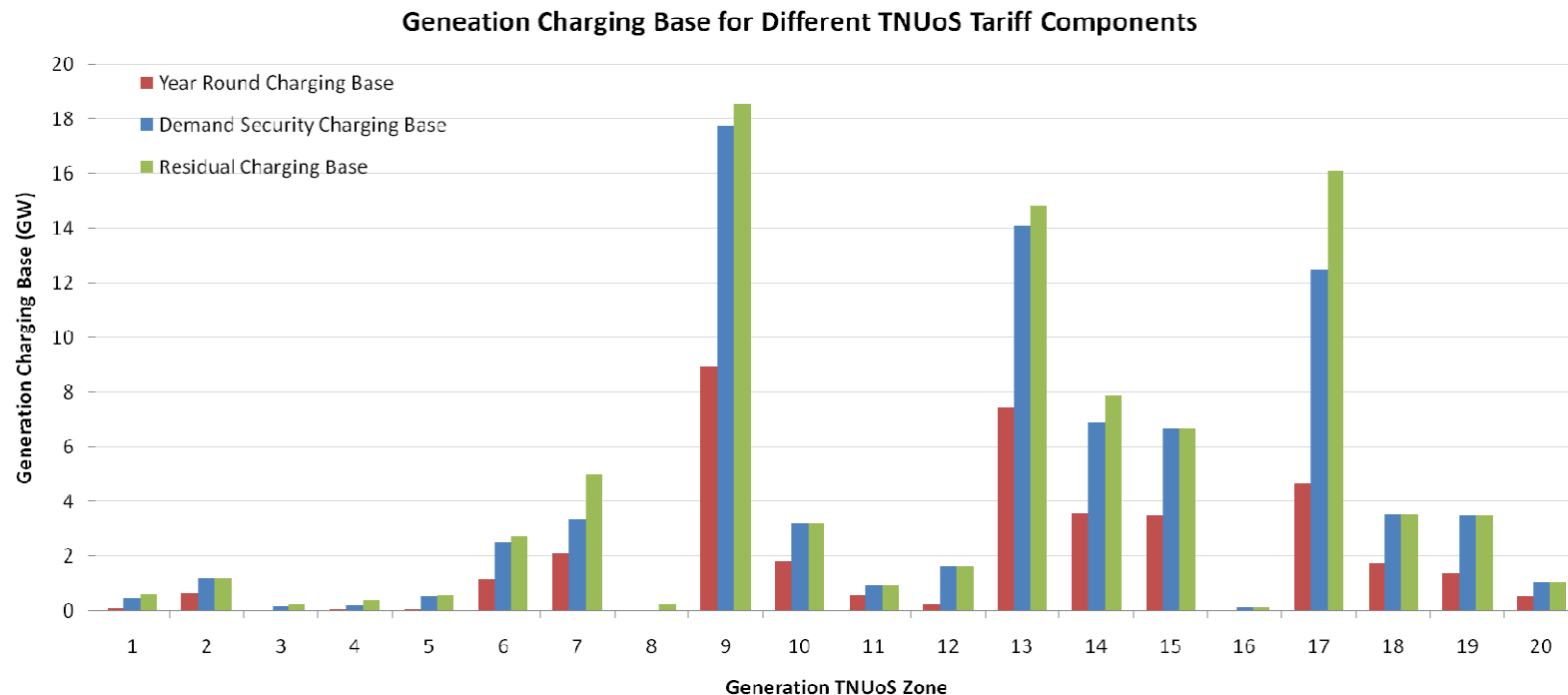
# Conclusions

- Wider zonal tariff + residual component
- One generation charging base for both
- Re-referencing process has no impact on tariff differentials or relative charges



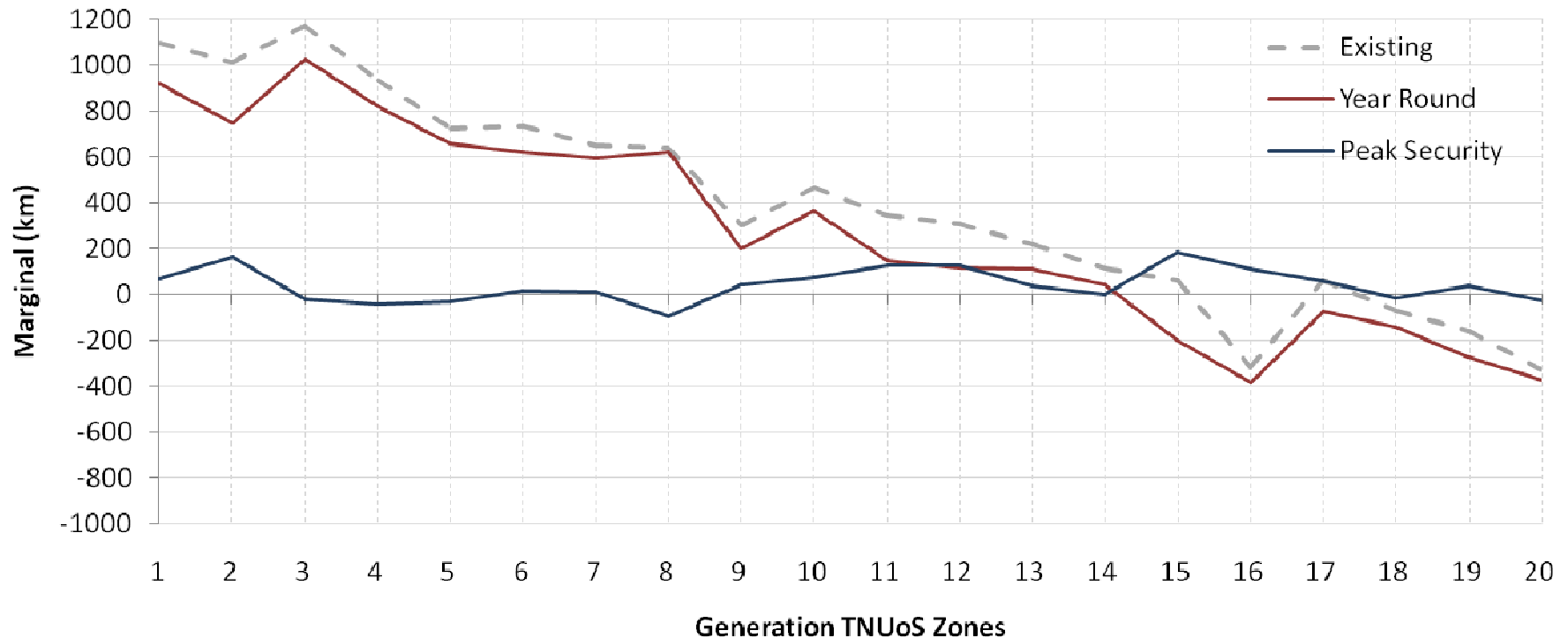
## CMP213 – Original

- Peak security and year round wider zonal + residual
- 3 different generation charging bases
- Re-referencing becomes more significant



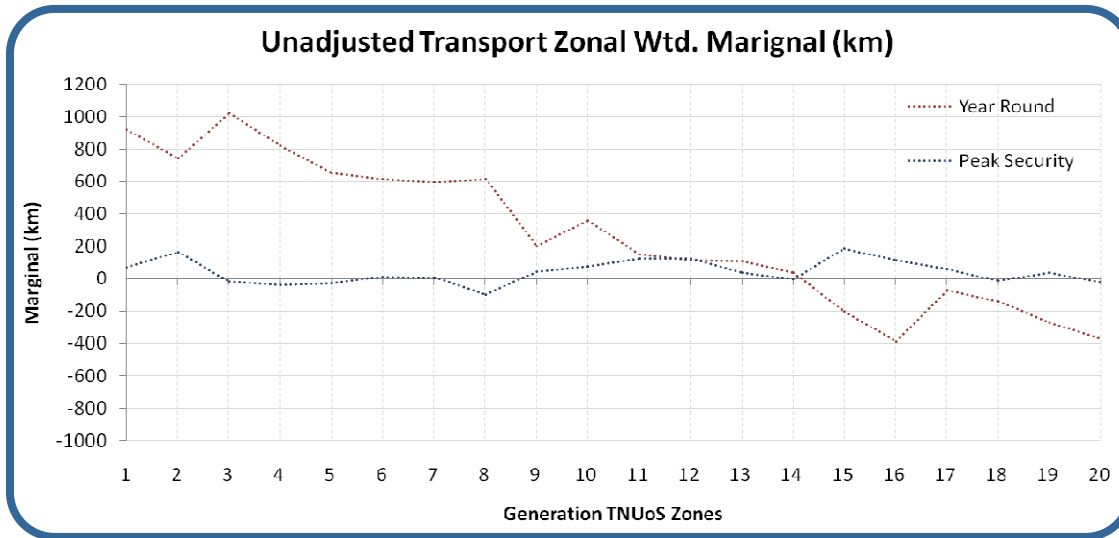
# Generation Tariff – Relative Zonal Marginal km

Unadjusted Transport Zonal Wtd. Marignal (km)



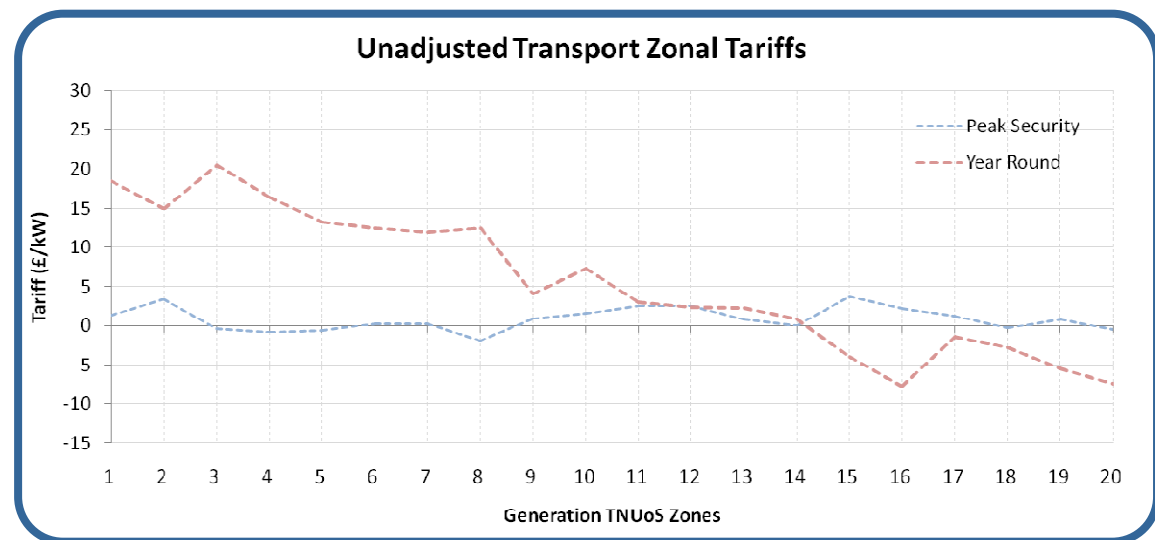
■ Peak Security + Year Round = Existing (approx.)

# Generation Tariff – Unadjusted

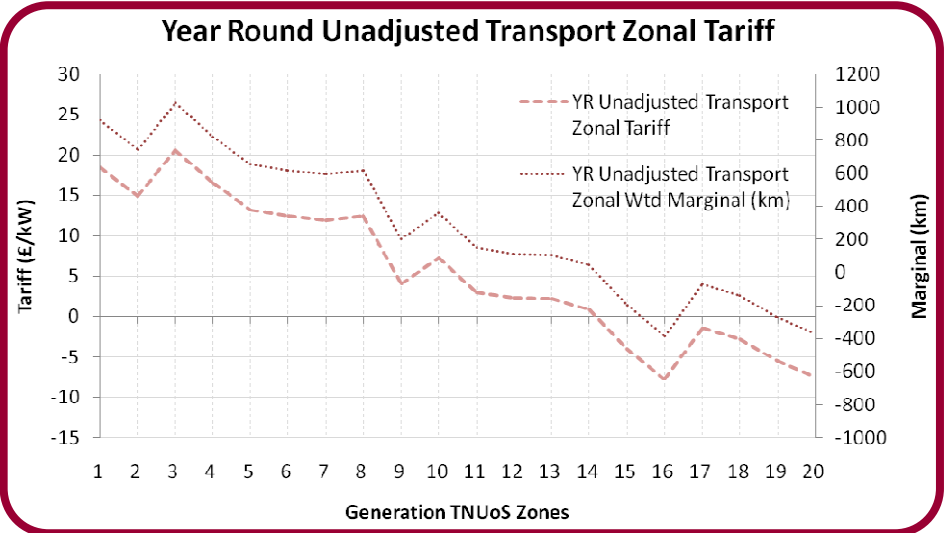
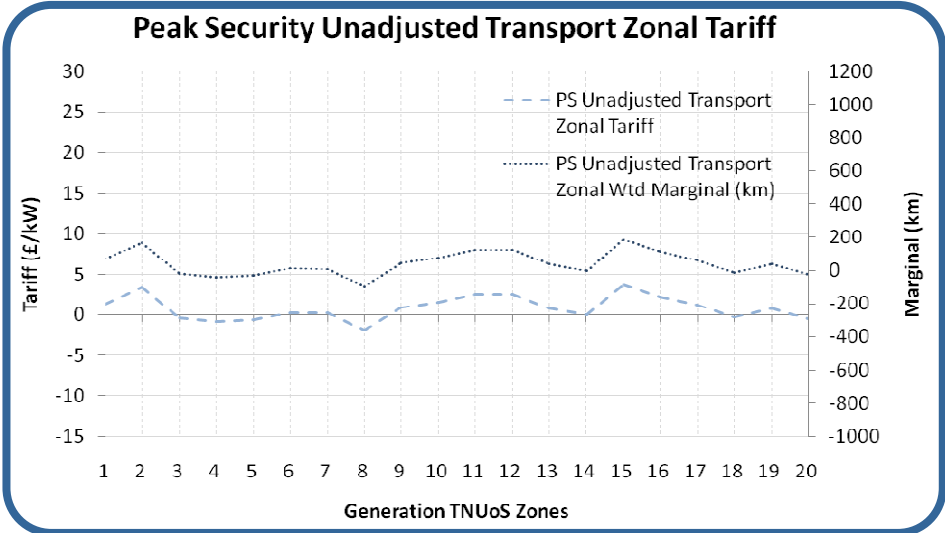


**X EC**  
( £/MWkm )

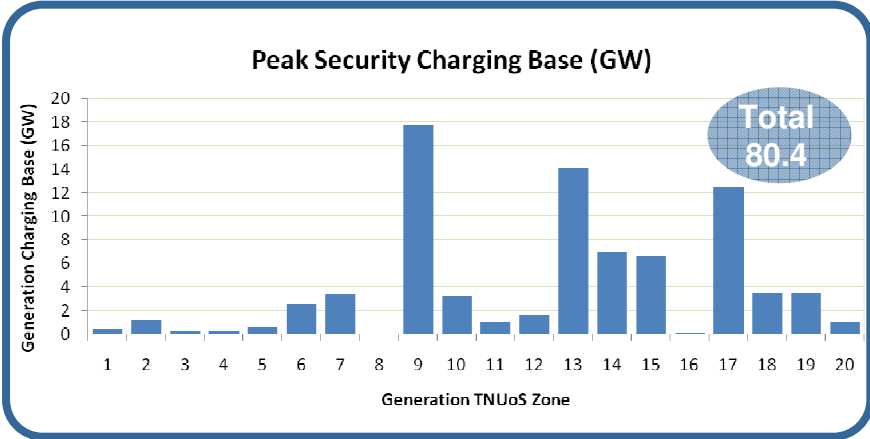
**X SF =**  
( 1.8 )



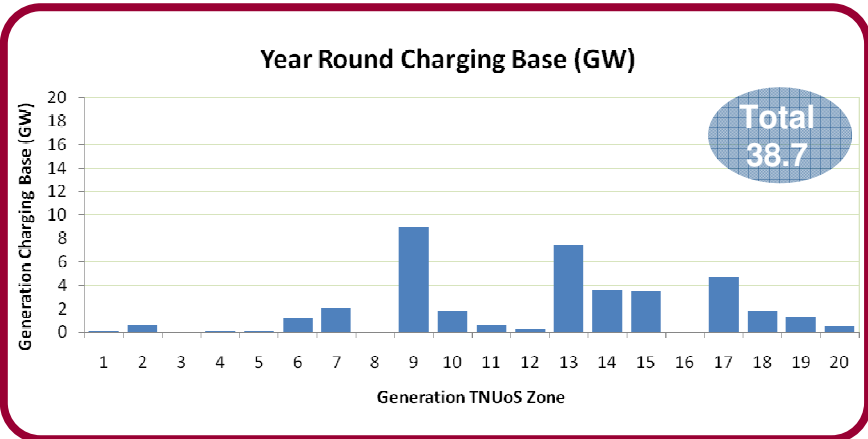
# Generation Tariff – Unadjusted



X



X

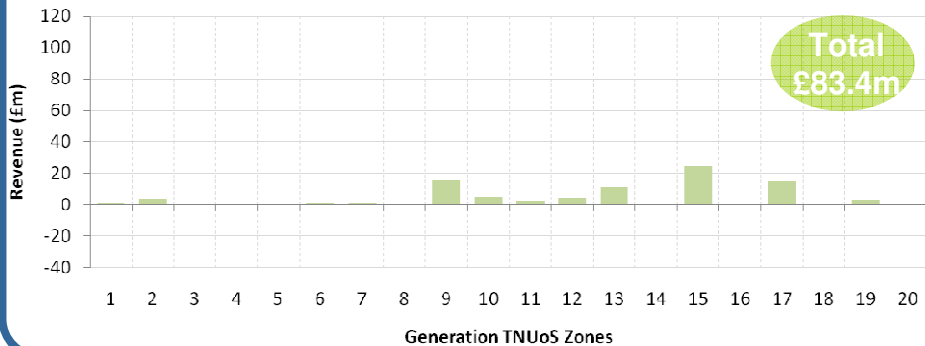


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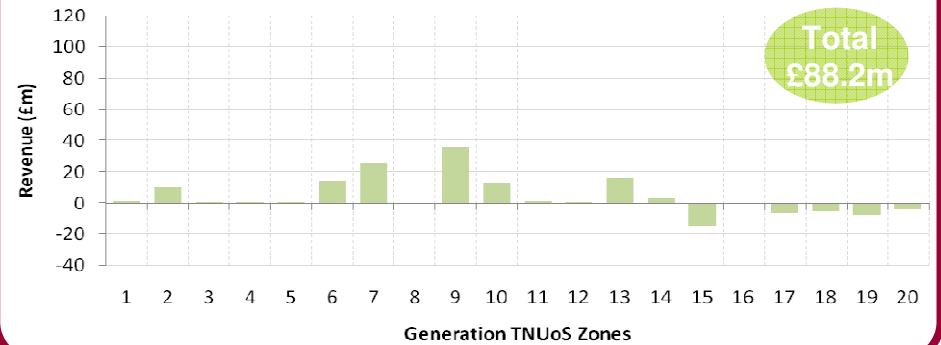
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# Generation Tariff – Unadjusted

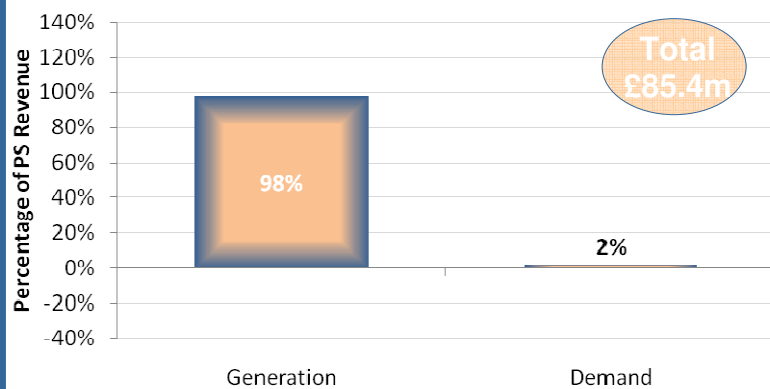
Peak Security Unadjusted Transport Zonal Revenue Collection (£m)



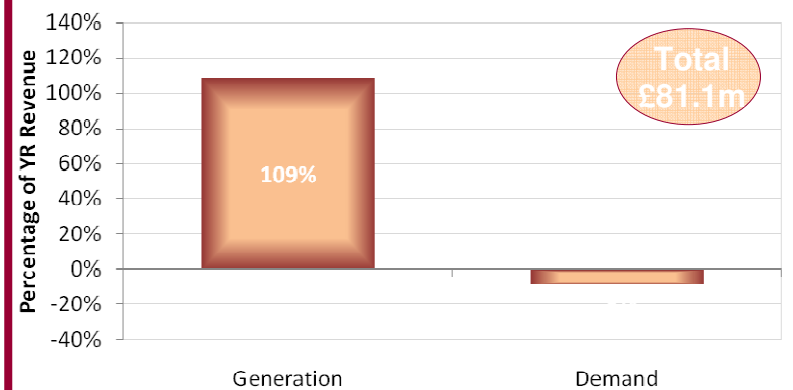
Year Round Unadjusted Transport Zonal Revenue Collection (£m)



PS Unadjusted Transport Revenue (%)



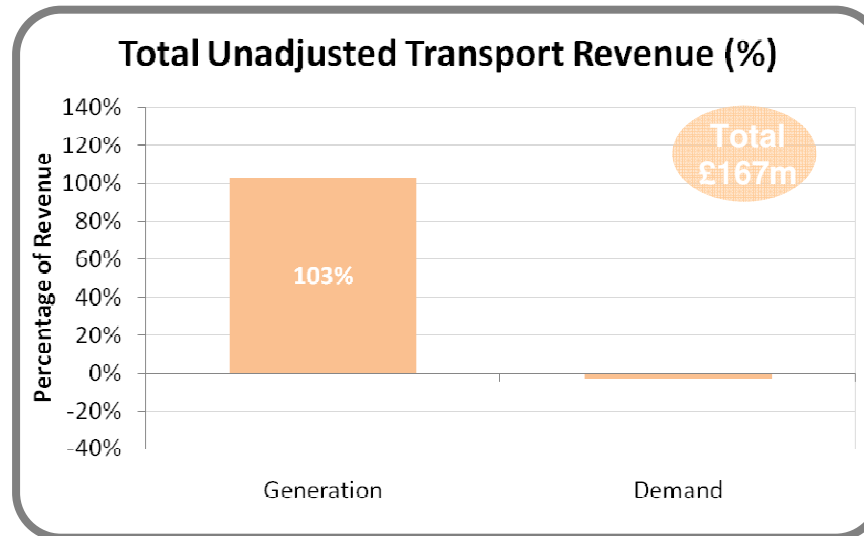
YR Unadjusted Transport Revenue (%)



Re-referencing Required



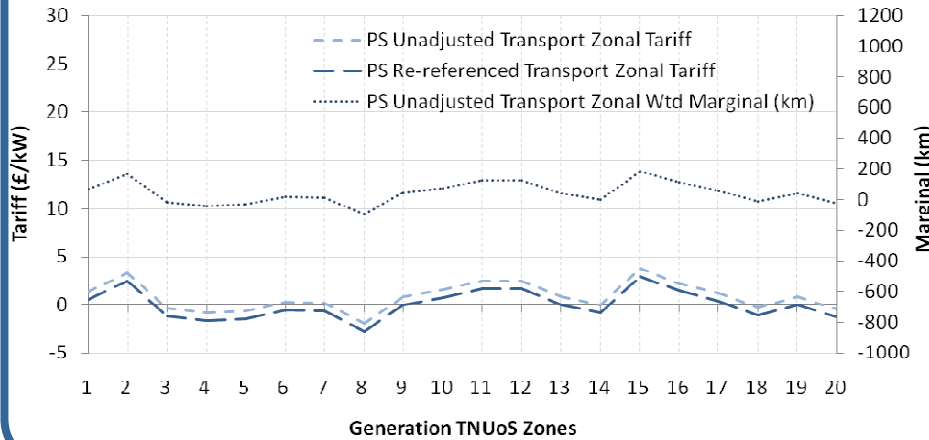
## Generation Tariff – Unadjusted



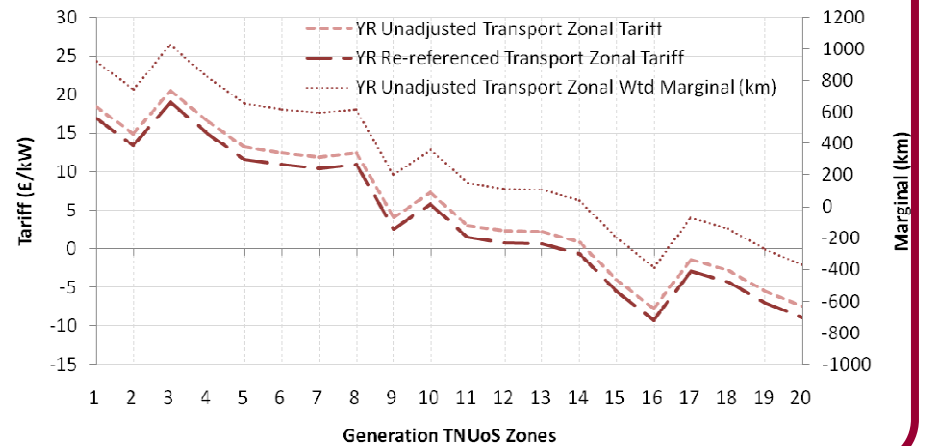
- Re-referencing required
- Calculate Peak Security and Year Round separately to achieve 27/73 for each component

# Generation Tariff – Re-referenced

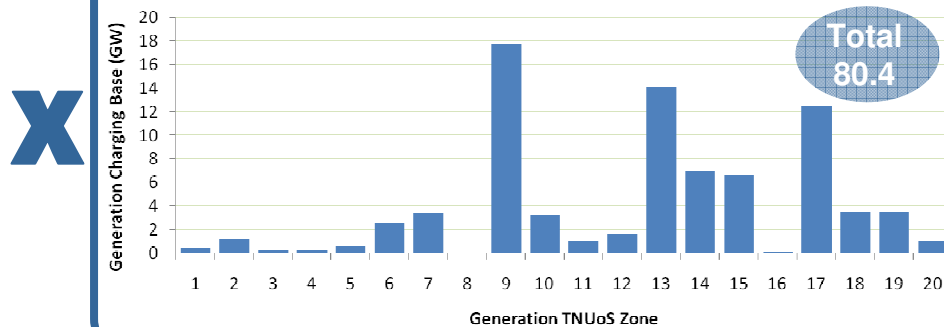
Peak Security Re-referenced Transport Tariff



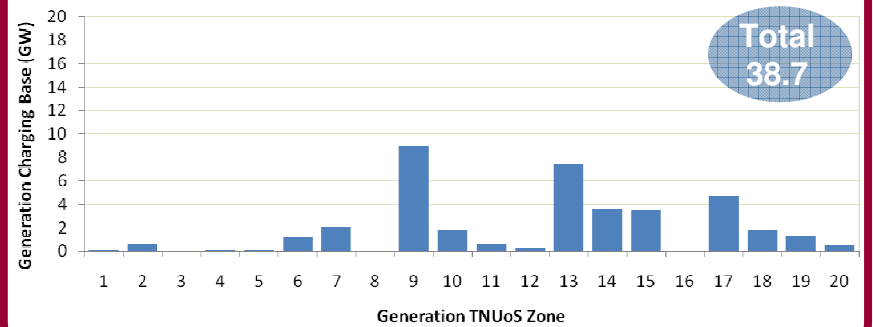
Year Round Re-referenced Transport Tariff



Peak Security Charging Base (GW)



Year Round Charging Base (GW)



X

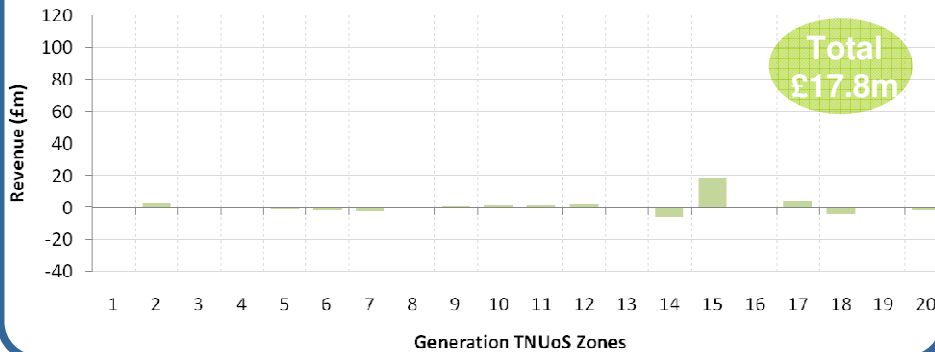
X

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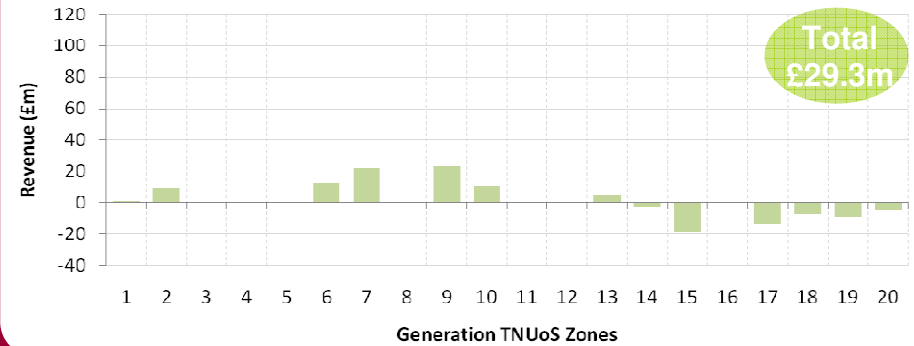
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# Generation Tariff – Re-referenced

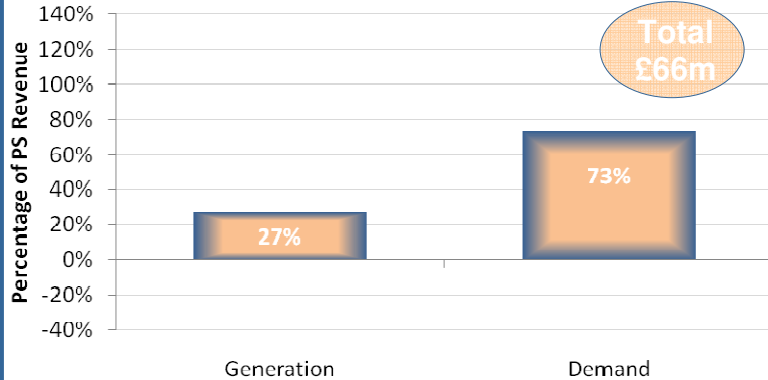
Peak Security Unadjusted Transport Zonal Revenue Collection (£m)



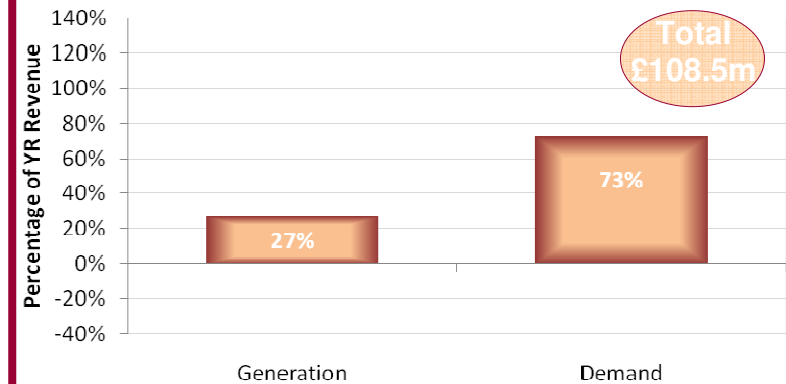
Year Round Re-referenced Transport Zonal Revenue Collection (£m)



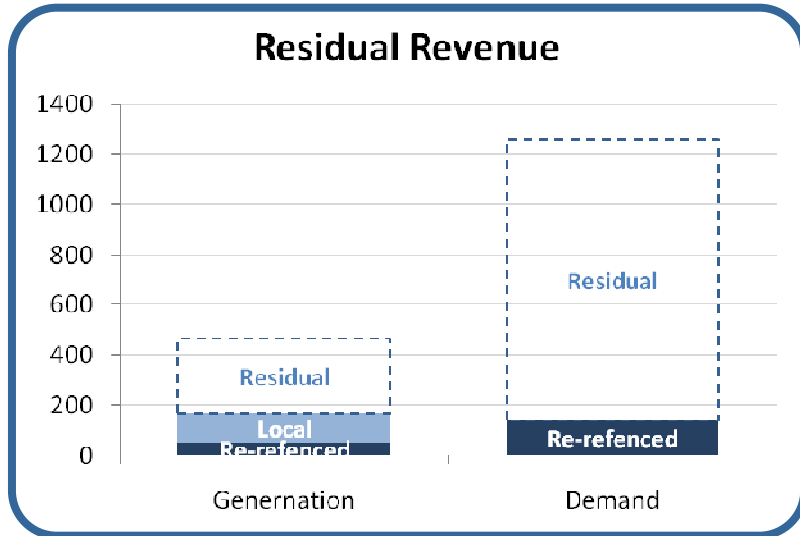
PS Re-referenced Transport Revenue (%)



YR Re-referenced Transport Revenue (%)



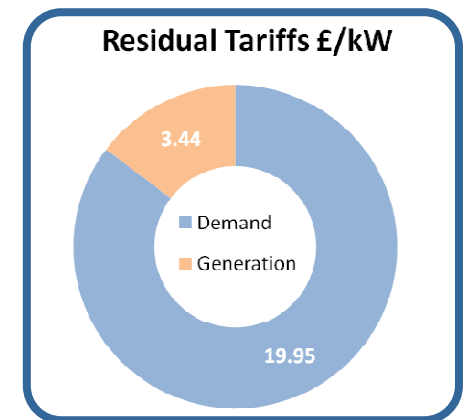
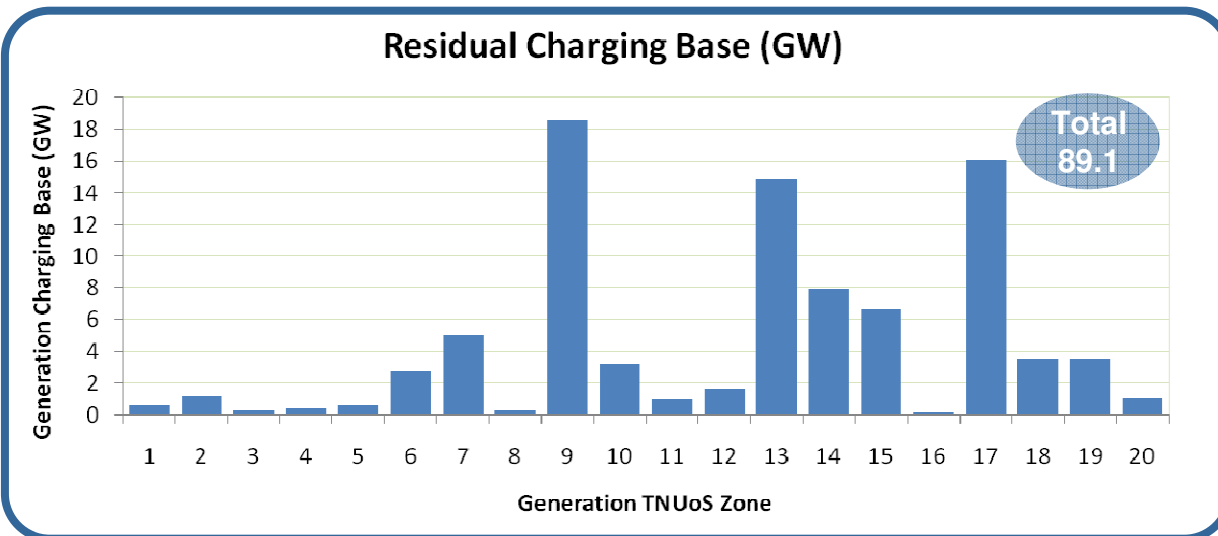
# Generation Tariff – Residual



**£306m**

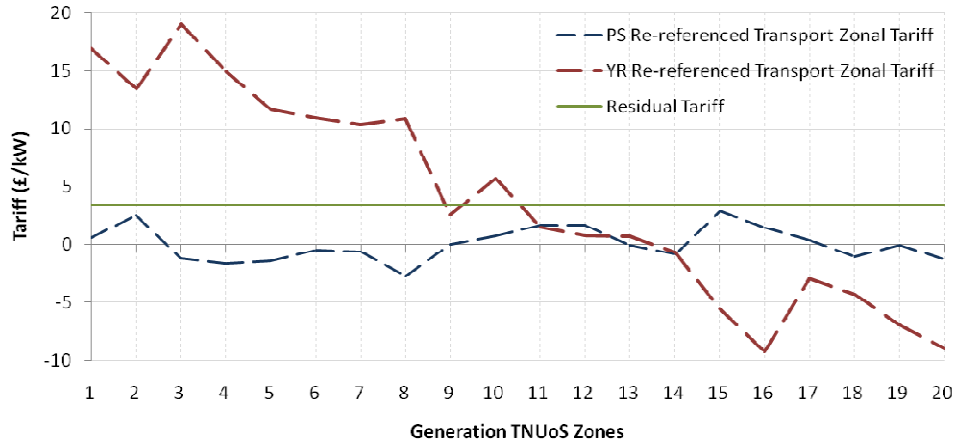
**= 3.44**  
( £/kW )

**89.1GW**

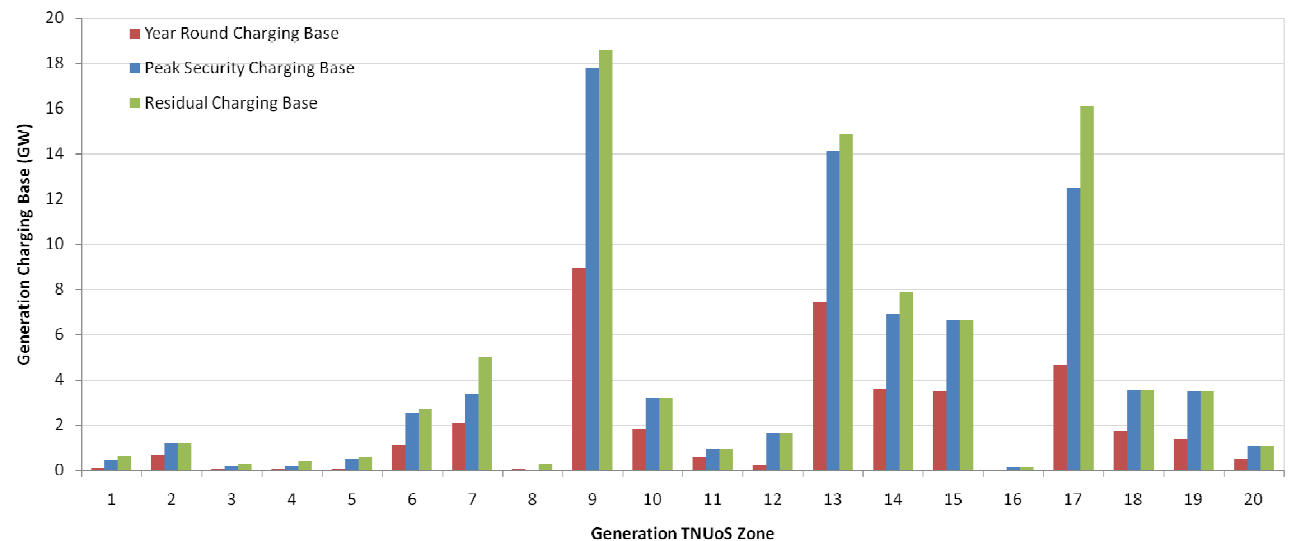


# Generation Tariff – Final Tariffs

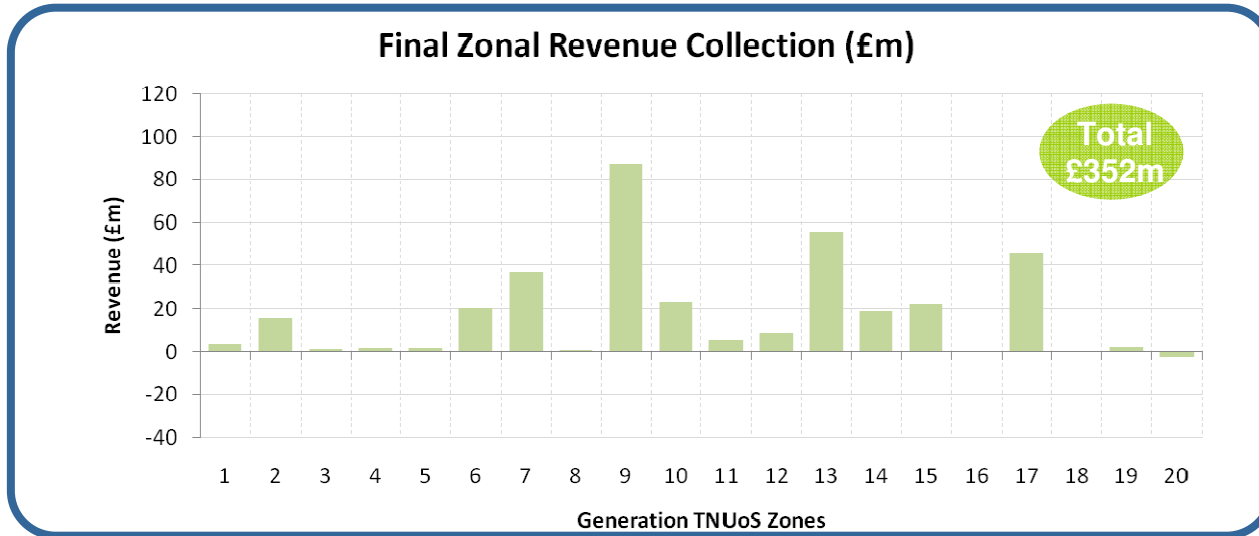
Tariff Components



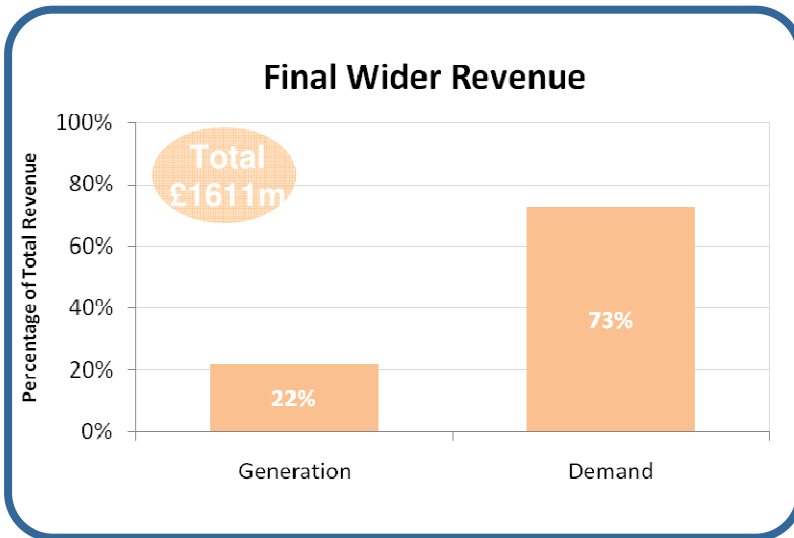
Generation Charging Base for Different TNUoS Tariff Components



# Generation Tariff – Final Tariffs



Total Relative to Demand =

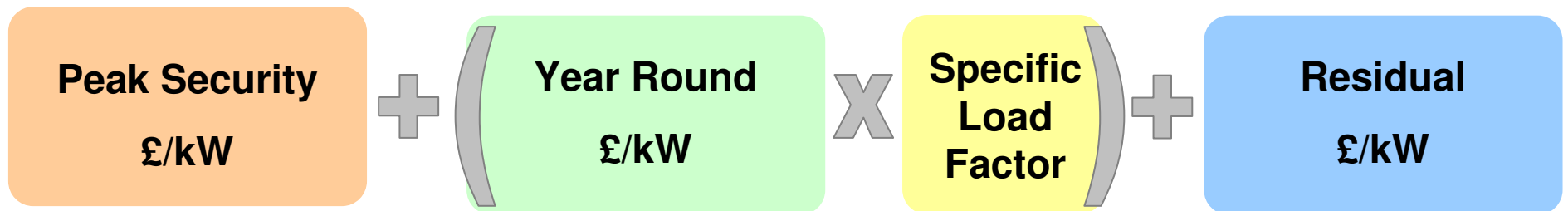


**+ £113m**  
 (Local revenue for generation)  
 (+ Wider revenue = 27%)

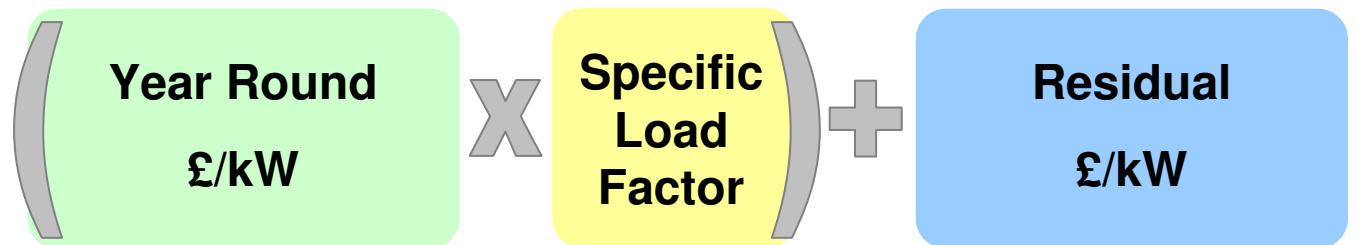
## Calculation of Tariffs

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### Conventional Tariff =

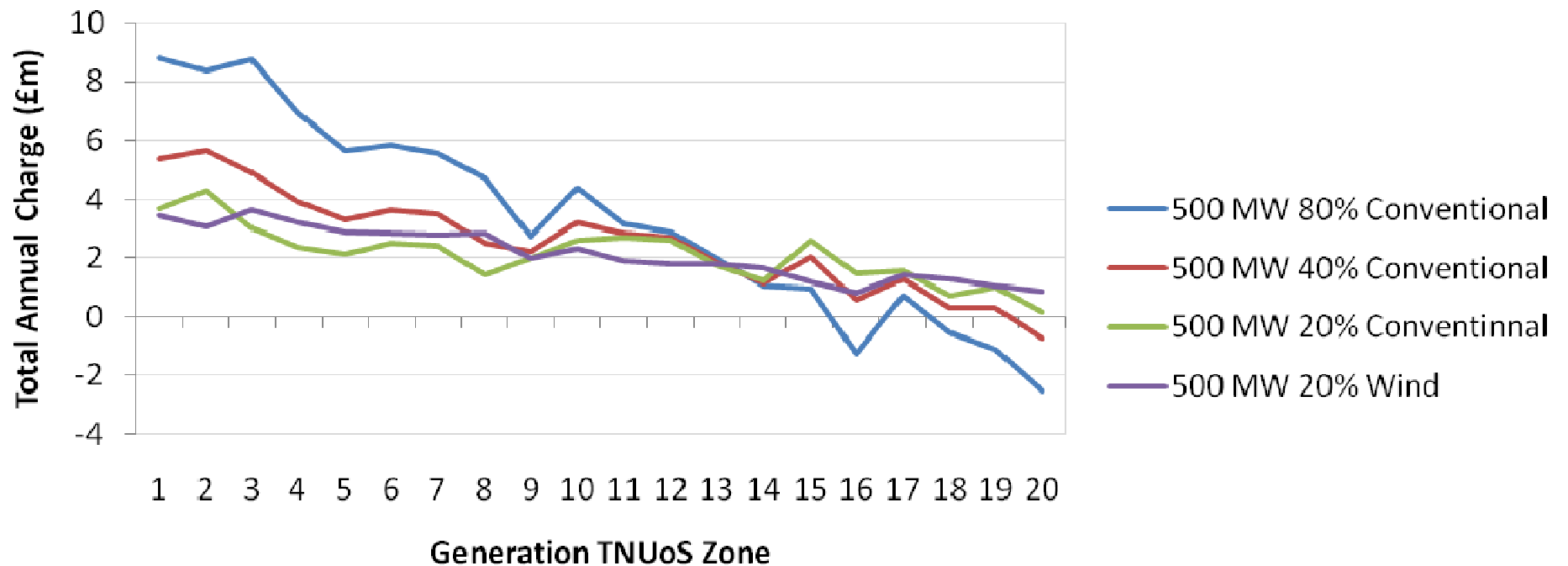


### Intermittent Tariff =



# Generation Tariff – Final Tariffs

## Total Annual Wider Charge





# Relative Generation Tariff Components

Re-referenced Generation Tariffs

