

Previous Development in relation to CMP239



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Background

- When BETTA was implemented (2005) the 132kV system in Scotland was defined as transmission, whereas in England and Wales it was defined as distribution.
- Generators connecting to 132kV paid TNUoS charges in Scotland, but generally not England and Wales.
 - This was felt to be inequitable.
- As a result Ofgem introduced a Standard Licence Condition (C13) to NGET's transmission licence which provided a 25% discount in TNUoS charges for Small (<100 MW) generators connected via 132 kV transmission systems (Scotland & offshore)
- C13 was introduced as a time limited arrangement pending a broader review of charging arrangements for distribution and transmission connected generation.

Our Review of Transmission Charging Arrangements for Embedded Generation

- We commenced this broader review in 2013.

The wider review included gathering stakeholder's views via bilateral communication and a Focus Group.

- SLC C13 formed an element of the review.
 - Full details for the review can be found at:
<http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Transmission-Network-Use-of-System-Charges/Embedded-Benefit-Review/>
 - Analysis was undertaken to compare network charges paid by 132kV connected generation (transmission and distribution)

Analysis Comparing Transmission and Distribution Charges nationalgrid

- Two approaches to analysing charges were tried:
 - A bottom-up approach
 - Which proved difficult.
 - The top-down approach
 - This analysis determined that charges faced by qualifying 132kV transmission connected generation were in the range £3.94/kW to £23.44/kW, with an average of £8.74/kW.
 - The analysis also determined that charges faced by distribution connected generators were mostly in the range £-2/kVA to £4/kVA, with an average of £1/kVA.
 - The focus group indicated that this analysis would be enhanced by the provision of further data.

Our Informal Consultation

- We consulted the industry to seek further data.

Five of the respondents provided further evidence of charges faced by distribution connected generation

	Average	Max	Min
Total network charges for qualifying 132kV transmission connected generation (£/kW) <u>without</u> C13 discount	£8.74	£23.44	£3.94
Total network charges for qualifying 132kV transmission connected generation (£/kW) <u>with</u> C13 discount	£1.19	£15.89	-£3.61
Total network charges for distribution connected generation (£/kVA)	£16.03	£94.97	-£1.89

Our Conclusions

- The analysis showed that network charges faced by 132kV transmission connected generation without the small generators' discount were within the range faced by distribution connected generation
- On this basis we concluded that there was no justification for continuing with the small generators' discount indefinitely, and that SLC C13 should be allowed to lapse from April 2016