

Charges for the England-France Interconnector

Indicative charges applicable for import/export of capacity via the England-France Interconnector are as follows:

Capacity Charge*

As determined by open market processes (e.g. auction).

Use of System Charges

Transmission Network Use of System (TNUoS) charges are calculated and payable separately depending on whether they are based on generation or demand.

- ***Generation-based Charge***

The generation-based charges are levied by the Transmission Business of National Grid in the same way that these charges would be levied on an independent generator. Following the introduction of CUSC (Connection and Use of System Code) Amendment Proposal 43 (CAP043) generation-based TNUoS charges are based upon the registered Transmission Entry Capacity (TEC).

The registered TEC for the England-France Interconnector is 1,988MW.

The England-France Interconnector Use of System generation-based charge is derived from the Generation Tariff covering the Midlands & South East (Zone 15) and amounts to approx. £2.42m.

Taking into account an adjustment for interconnector losses of 1.17% from the mid-channel point, the capacity at which measures 2,000MW, the maximum deemed metered volume that can physically be delivered on to the British transmission system is 1,976MW.

The difference in charge between the registered TEC (1,988MW) and the maximum deemed metered volume (1,976MW) is absorbed by National Grid Interconnectors Business.

The basis of the calculation is detailed below and leads to a pro-rata charge of £14,632.14 being paid by National Grid Interconnectors Business:

$$\frac{£2,424,057.86}{1,988\text{MW}} \times (1,988\text{MW} - 1,976\text{MW})$$

For the purpose of calculating the Transmission Pass Through Charge in accordance with the IFA Access Rules the Transmission Network Use of System charge will be £2,409,425.72 for the period 1st April 2006 to 31st March 2007 inclusive.

This charge is passed through to Interconnector Users in proportion to the total capacity holding (France to England) on any particular day. Assuming 2,000MW of capacity are sold for a day then the charge would be $(£2,409,425.72 \div 365) \div 2,000\text{MW} = £3.30/\text{MW}/\text{day}$ ($€4.85/\text{MW}/\text{day}^1$) or $€0.20/\text{MWh}^1$.

- ***Demand-based Charge***

If the Interconnector is a net demand on the transmission system over any one or all of the Triad Periods then a Use of System demand-based charge would also become payable. A Triad Period is a half hour period of peak demand between November and February inclusive where these periods are separated by no less than 10 days.

The demand-based charge for the England-France Interconnector is derived from the Demand Tariff covering the South East (Zone 11), currently approx. £17.95/kW. Such charge becomes liable for the whole year and is in addition to the Use of System generation-based charge. As the interconnector is assumed not to be a demand on the system no annual charge is levied, however in the event of a demand-based charge becoming applicable interest would also be payable on the amount.

¹ Value has been derived by applying an exchange rate of €1.00 = £0.68.

For the purposes of illustration the following two worked examples are given below:

Example 1:-

Triad 1 (T1) Net Demand 400MW

Triad 2 (T2) Net Demand 750MW

Triad 3 (T3) Net Demand 50MW

TNUoS demand-based charge per annum would be: $\frac{T1 (400) + T2 (750) + T3 (50)}{3} \times (\pounds 17.95/\text{kW} \times 1,000)$

= $\pounds 7,180,000.00 + \text{interest}$

Example 2:-

Triad 1 Net Demand 500MW

Triad 2 Net Generation 750MW

Triad 3 Net Generation 1250MW

TNUoS demand-based charge per annum would be: $\frac{T1 (500) + T2 (0) + T3 (0)}{3} \times (\pounds 17.95/\text{kW} \times 1,000)$

= $\pounds 2,991,666.66 + \text{interest}$

These costs would be passed through and apportioned out among the Interconnector Users who were exporting power from England to France during any one or all of those periods in which the Net Demand occurs.

The documents referred to above can all be found on the National Grid web page, the address of which is www.nationalgrid.com/uk/Electricity/Charges

Balancing Services Use of System Charges (BSUoS)*

The services that National Grid needs to procure in order to balance the transmission system constitute Balancing Services. The Transmission Licence defines Balancing Services as:

- Ancillary Services;
- offers and bids made in the Balancing Mechanism; and
- other services available to the Licensee's Transmission System in accordance with the Act or the Conditions and/or in doing so efficiently and economically.

National Grid has incentives to manage the costs associated with operating the Balancing Mechanism. These costs along with any incentive payments and other related cost elements, including internal costs incurred by National Grid by virtue of carrying out the system operator function, are recovered under the BSUoS charge.

Such charges are calculated retrospectively on a half hour by half hour basis and reflect the adjustment for transmission losses under the Balancing and Settlement Code by virtue of the Transmission Loss Multiplier.

Information on the historical prices can be found on the National Grid web pages, the addresses of these being:-
www.nationalgrid.com/uk/Electricity/Balancing/bsuos/sfpricescharges
www.nationalgrid.com/uk/Electricity/Balancing/bsuos/rfpricescharges

Additional Charges Resulting from Market Participation*

There are additional charges associated with market participation levied by Elexon which is a separate company established to oversee the development and administration of the British electricity market.

Details of such charges should be obtained separately from Elexon Ltd. The address of Elexon's website is www.elexon.co.uk.

*** Note: These charges are levied irrespective of direction of capacity holding.**

DISCLAIMER

The information above is provided to assist Parties in the determination of costs associated with the England-France Interconnector and must therefore only be considered as indicative. Parties should not rely upon this information as being exhaustive or accurate as charges may vary from time to time. Parties must make their own assessment of the costs of participation.