



## **GB ECM-15: Long-term Fixed Tariffs**

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# GB ECM-15: Long-term Fixed Tariffs

## Background

**Under CAP165, generators will be making long-term bookings**

**Given the certainty associated with the booking, it may be appropriate to give certainty as to the tariff that will be paid for the duration of the booking**

**Impossible to accurately calculate tariffs beyond a few years**

**Therefore, should consider, for the duration of the booking:**

- ◆ Fixed tariffs; or
- ◆ Index linked tariffs – to RPI?

**Should these be based on tariffs prevailing at time of booking, or take account of longer-term modelling?**

**Will also need to consider mechanism for resolving under- and over-recoveries**

- ◆ Anticipated that this would be through the residual

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## Pre-consultation

**Pre-consultation released October 2008**

**Seven responses received**

**Majority of respondents supported the concept of fixing tariffs**

**However, did not support the overall modification**

**Believed that options outlined gave potential for:**

- ◆ Loss of cost reflectivity
- ◆ Cross subsidies

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## Next Steps

### Further analysis required:

- ◆ Impact of assumptions on cost reflectivity
- ◆ Potential for cross subsidisation

### Review at future Meetings

**Publish consultation March 2009**