

# GB Transmission Charging Methodology

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# Background

- Revised GB TNUoS Methodology approved in February 2005
  - Five Conditions attached for approval
- NGC's September 2004 proposal for a GB Connection Charging methodology approved
  - One condition attached
- GB BSUoS Methodology approved unconditionally
  - Authority expects NGC to keep the case for and against locational BSUoS under review

# TNUoS Methodology - Conditions

- Condition 1 - Negative demand charges (cost - reflectivity)
  - NGC obliged to invite view, consult on and propose an alternative way of addressing negative demand charges
  - Implementation no later than April 2006
- Condition 2 - Incremental cost of capacity (cost - reflectivity)
  - NGC obliged to identify, review and assess further technical basis for modelling assumptions
  - Two - Year timeline with reporting requirements to rest with NGC
- Condition 3 - Treatment of intermittent generation (cost-reflectivity)
  - Treatment of intermittent generation
  - Two - year timeline imposed

# TNUoS Methodology - Conditions (2)

- Condition 4 - Longer Term Fixed Access Products (facilitating competition)
  - Issue of varying tariffs year on year
  - Two - Year timeline
- Condition 5 - Publication of longer term information (facilitating competition)
  - Publication of longer term information on tariff behaviours for future years
  - Referable to Seven Year Statement
  - One - Year timeline

# NGC Proposal - Condition 1

- Industry questionnaire to gauge views on possible solutions to the issue, including timing for the change
- Target May 2005 for publication
- Formal Consultation based on solutions identified from questionnaire
- Expected publication for end June 2005
- Possible approval target for end of September 2005, depending on strength of view on implementation timetable

## NGC Proposal - Condition 2

- Establish an industry workshop to be held late April / early May to discuss options
- Publish and present workshop report to May TCMF
- Formally consult on identified options in Summer 2005

# NGC Proposal - Condition 3

- Publish questionnaire to gauge Industry views in Summer 2005
- Establish a sub group of CISG to discuss issue
- Target date of July 2005 CISG meeting to open discussions
- Present CISG sub group report to TCMF in late Summer
- Develop and formally consult on proposals in Autumn 2005

# NGC Proposal - Condition 4

- Target date of May TCMF to present the issue and discuss option
- Publish Industry questionnaire to gauge views on preferences on long term fixed access products at the end of June
- Proposals developed from discussion and questionnaire results
- Formal consultation to follow in Summer/Autumn 2005

# NGC Proposals - Condition 5

- Undertake detailed study work in Summer 2005 to model the effects on tariffs and zones over next 5 years
- Data to be used from GB SYS, expected for publication in May/June 2005
  - Associated uncertainties for future years data obtained from 2005 GB SYS
- Target publication of zonal tariff behaviours for October 2005
  - Indicative charges for 2006/07 with any exceptional circumstances highlighted
  - Indicative tariffs for 2007/08 onwards with indicative zones and exceptional circumstances
  - Publish additional scenarios for later years

# NGC Proposal - Connection Charging Methodology

- Consultation on Site Specific Maintenance planned to be published in Autumn 2005
- Price control interaction
- Interaction with TO's
  - TO Charging Statements
  - STCPs

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