

UoSCM-M-13: Introducing a new charge for Short Term Transmission Access

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Developmental GB TCMF - 10 September 2004

Background

- In order to benefit wider system and to facilitate the return to service of unavailable plant, CAP070 proposed
- CUSC Amendment Proposal CAP070 “Short Term Access Service” raised in January 2004
- A new short term product (STTEC) effectively increases a generators access to the system for a defined period
- Consequential Use of System charge methodology modification proposal raised to address:
 - application fee
 - STTEC charge

Initial Proposal

- Positive Charging zones
 - Analysis in UoSCM-M-11 showed 90% of the annual charge attributable to peak capacity period (Nov to Feb - 120 days)
 - A weekly charge can then be derived from 90% of zonal tariff *7/120
- Negative Charging zones
 - A pro-rated negative charge is unattractive given the potential for generators to receive more than 100% TNUoS payment and the complex reconciliation of a “proving run”
 - A zero charge is appropriate given the option of increasing TEC via the existing procedures
- Application fee, fixed and non-refundable at a £10k level (+vat)

Responses to the Consultation (1)

- Nine responses were received, which fell largely into two camps:
 - The proposed STTEC charge was not cost reflective - too high
 - The STTEC product should not be charged at a level that would undermine TEC - too low
- Accordingly, four respondents (two each) suggested two sharply contrasting proposals that would have the effect of either increasing or decreasing the level of the STTEC charge

National Grid View

- We are mindful that the proposed Use of System charging methodology for STTEC should neither:
 - Undermine the annual TEC product as the primary means by which Users gain access to the transmission system, nor
 - Unduly discourage potential use of the STTEC product proposed within the CUSC
- We remain of the view that the STTEC charge, as initially proposed, is consistent with the relevant charging methodology objectives and would not encourage a significant shift from TEC to STTEC
- The User alternate approaches would, in our opinion, tend to reinforce the use of STTEC over TEC or render STTEC effectively inaccessible
- We would expect to review the level of this charge over time

Responses to the Consultation (2)

- A number of other issues were raised:
 - Inclusion of STTEC in the DCLF model
 - We do not consider this appropriate in respect of i) providing forward looking locational investment signals, or ii) practically forecasting the level of STTEC usage for the purpose of determining TEC tariffs
 - Level of STTEC charge outside of winter peak
 - We consider that a low off-peak charge could undermine the annual TEC product where a User gains primary access to the system through back-to-back STTEC periods charged at a low off-peak tariff, hence a year round STTEC tariff
 - Forum to discuss both CUSC & consequential charging impacts
 - We note User concern in this respect and intend, where possible, in the future to hold consecutive CUSC working group / charging discussion sessions where appropriate

Authority's Decision

- Ofgem are minded not to veto the UoSCM-M-13 proposal
- The decision will be made today (10/09/04)
- The decision letter will be circulated shortly

Implementation - CAP070

- Ofgem minded to accept CAP070
- Expect implementation for 20/09/04 to enable submission of STTEC requests for a 1/11/04 start date

Implementation - UoS_{CM}-M-13

- STTEC Charge
 - Effective 1 November 2004 - Statements of Charges & Methodology
- Application Fee
 - Effective 13 September 2004 - Statements of Charges & Methodology
- Necessitates two changes to each of the Statement of Charges and Use of System Methodology Statement
- Implementation to the above timescales would require the Authority's waiver of the 150 day (licence) and 2 month (CUSC) notice of implementation
- The charging arrangements for STTEC would form part of the final GB TNUoS charging methodology

Next Steps

- Statements of Charges & Methodology for 13/09/04 issue 10/09/04
- Statements of Charges & Methodology for 01/11/04 to be issued within w/c 13/09/04
- Application window for STTEC opens 20/09/04 for STTEC periods effective from 1/11/04
- Invoicing:
 - Application fee - submit with application
 - STTEC charge - ad hoc invoice once STTEC request approved / accepted