

CAP143: “Interim TEC”

CISG

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nationalgrid

Content

- ◆ Description of original proposed amendment
- ◆ Description of working group alternative amendment
- ◆ Charging options

CAP143 – Original proposal

- ◆ Raised by SSE Generation in December 2006
- ◆ Aims to provide accelerated transmission access to power stations waiting completion of wider transmission works
- ◆ Key elements
 - ◆ Eligible to apply for ITEC upon receipt of the relevant consents
 - ◆ Limited to the TEC applied for
 - ◆ Applies until TEC is available
 - ◆ Generation curtailed through a fixed value of X (hours) inserted in the CUSC to avoid additional constraint cost

CAP143 – Working Group Alternative

- ◆ Key elements
 - ◆ Eligible to apply for ITEC upon receipt of the relevant consents
 - ◆ Limited to the TEC applied for
 - ◆ Applies until TEC is available
 - ◆ Generation curtailed through a value of X (hours) calculated on a generator specific basis
 - ◆ Application process
 - ◆ For successful applications, allocation of X notified by the System Operator 4 hours ahead of the relevant settlement period
 - ◆ Captures greatest volume of additional constraints
 - ◆ Most efficient valuation of X due to increased certainty of information

CAP143 – Charging implications

- ◆ Application fee
 - ◆ Generator specific studies required to calculate X
 - ◆ Modification application to advance works
- ◆ Costs of accelerated ‘local’ investment
 - ◆ One-off costs to the applicable user
- ◆ Use of System charge
 - ◆ Essentially accelerated TEC, with restrictions
 - ◆ Unlikely to be cost neutral
 - ◆ Not currently possible to target these costs to ITEC users
 - ◆ Cannot be achieved by modifying the methodologies alone
 - ◆ TNUoS charge would avoid inappropriate incentive

TCMF discussions.....

- ◆ Options for charging as TNUoS
 - ◆ Include generation in Transport & Tariff model
 - ◆ Include generation in Tariff model only
 - ◆ Charge full TNUoS tariff
 - ◆ Discount TNUoS tariff to reflect value of X

Example 1 – 200MW of ITEC, Generation Zone 4 Transport & Tariff model

- ◆ Impact on Generation Tariffs:

Zone	Zone Name	2007/8 TNUoS Tariff (£/kW)	New Tariff (£/kW)	+/-
1	North Scotland	21.591	21.898	0.307
2	Peterhead	19.234	19.469	0.236
3	Western Highland & Skye	19.858	20.320	0.462
4	Central Highlands	16.436	17.269	0.832
5	Argyll	14.677	14.721	0.044
6	Stirlingshire	14.032	13.975	-0.057
7	South Scotland	13.017	12.958	-0.059
8	Auchencrosh	10.137	10.100	-0.037
9	Humber, Lancashire & SW Scotland	5.883	5.824	-0.059
10	North East England	9.254	9.192	-0.062
11	Anglesey	6.409	6.351	-0.059
12	Dinorwig	9.282	9.223	-0.059
13	South Yorks & North Wales	3.997	3.937	-0.059
14	Midlands	1.974	1.914	-0.059
15	South Wales & Gloucester	-2.457	-2.522	-0.064
16	Central London	-5.715	-5.774	-0.059
17	South East	0.908	0.849	-0.059
18	Oxon & South Coast	-0.265	-0.325	-0.059
19	Wessex	-4.099	-4.158	-0.059
20	Peninsula	-8.568	-8.627	-0.059

* Example assumes ITEC notified as available prior to charge setting

Example 1 – 200MW of ITEC, Generation Zone 4 Transport & Tariff model

- ◆ Impact on Demand Tariffs:

Zone	Zone Name	2007/8 TNUoS Tariff (£/kW)	New Tariff (£/kW)	+/-
1	Northern Scotland	1.391	1.028	-0.363
2	Southern Scotland	6.307	6.229	-0.078
3	Northern	9.829	9.847	0.018
4	North West	13.591	13.604	0.013
5	Yorkshire	13.560	13.575	0.014
6	N Wales & Mersey	14.029	14.042	0.013
7	East Midlands	16.316	16.330	0.014
8	Midlands	17.752	17.766	0.014
9	Eastern	17.005	17.020	0.014
10	South Wales	21.482	21.504	0.022
11	South East	20.021	20.035	0.014
12	London	22.109	22.124	0.014
13	Southern	21.045	21.060	0.014
14	South Western	23.715	23.730	0.014

Example 2 – 200MW of ITEC, Generation Zone 4 Tariff model only

- ◆ Impact on Generation Tariffs:

Zone	Zone Name	2007/8 TNUoS Tariff (£/kW)	New Tariff (£/kW)	+/-
1	North Scotland	21.591	21.547	-0.044
2	Peterhead	19.234	19.190	-0.044
3	Western Highland & Skye	19.858	19.814	-0.044
4	Central Highlands	16.436	16.392	-0.044
5	Argyll	14.677	14.633	-0.044
6	Stirlingshire	14.032	13.987	-0.044
7	South Scotland	13.017	12.973	-0.044
8	Auchencrosh	10.137	10.093	-0.044
9	Humber, Lancashire & SW Scotland	5.883	5.839	-0.044
10	North East England	9.254	9.210	-0.044
11	Anglesey	6.409	6.365	-0.044
12	Dinorwig	9.282	9.238	-0.044
13	South Yorks & North Wales	3.997	3.953	-0.044
14	Midlands	1.974	1.930	-0.044
15	South Wales & Gloucester	-2.457	-2.501	-0.044
16	Central London	-5.715	-5.759	-0.044
17	South East	0.908	0.864	-0.044
18	Oxon & South Coast	-0.265	-0.309	-0.044
19	Wessex	-4.099	-4.143	-0.044
20	Peninsula	-8.568	-8.612	-0.044

- ◆ No impact on demand tariffs

National Grid recommendations

- ◆ Generation should be included in the Transport model in order to calculate a cost reflective tariff
- ◆ Generation should be included in the Tariff model in order to ensure correct revenue recovery
- ◆ Where a generator is allocated ITEC mid-year, a cost reflective tariff is calculated using the Transport model and the updated generation background
 - ◆ Other User's tariffs remain unaffected for that charging year
 - ◆ Not included in the Tariff model
- ◆ Generation tariff should not be discounted regardless of the value of X
 - ◆ Could create perverse incentives for generators to delay TEC