



Offshore Charging

GBECM-08

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GB ECM-08 – Offshore Further Consultation

Pre-consultation document published July 2007

Consultation document published December 2007

Ofgem wrote to National Grid on 30 May 2008 requesting that National Grid undertake a supplementary consultative process

Two main concerns:

- ◆ Assumption that information on locational / non-locational (residual) split would be collected as part of tender process
- ◆ Basis (definition of and justification for) split between locational and residual charging elements

In addition to issues that have already been consulted on, the “embedded transmission” issue has been covered

Proposed modification

Offshore connection / Use of system boundary

NG propose offshore substation LV busbar (option 1)

- ◆ Offshore substations and cables could potentially be shared
- ◆ Connection asset treatment would mean a sharing methodology is required, exposing users to the actions of other generators and OFTO decisions for wider reasons
- ◆ Consistent with local charging consultation, deal with issues of higher substation costs by reflecting through TNUoS
 - Target costs without exposing users to actions of others

Proposed modification Offshore Expansion & Security factors & Substation tariffs

NG propose specific expansion factors to cover locational revenue

- ◆ Include costs of reactive compensation equipment
- ◆ Consistent with local charging consultation, calculate specific locational security factors
 - Single cables – as consultation
 - Multiple cables which provide partial redundancy – methodology to reflect total MWkm (capped at GB average LSF – currently 1.8)
- ◆ Include substation tariffs
 - Tariff will reflect difference between offshore platform on onshore civil costs (~£0.35/kW)
 - Although potentially sharable, offshore substation assets only used by offshore generators – appropriate to target costs (rather than socialise)
 - Reflecting costs through TNUoS rather than connection assets protects users from actions of others
- ◆ Targeting substation and cable costs to users reduces any incentive for misallocation of costs by OFTO

Proposed modification Information provision

NG propose costs information to be provided through SO-TO Code processes

- ◆ Locational cost information (cables and reactive) and non locational (platforms, transformers and switchgear) would be reported through an STC mechanism
- ◆ Asset capabilities would also be provided via the STC
- ◆ TO revenue stream would be an output of the tender process
- ◆ Asset costs would be used to apportion the year on year TO revenue into the asset classes
- ◆ Locational and non locational charges based on actual utilisation of assets
 - Consistent with onshore and Local Charging
 - Cost of non-booked capacity socialised

Embedded transmission DNO charges

How should NG (as GBSO) reflect the DNO charges levied upon it in its charges?

Options

1. Charge all Users by socialising through the residual element of TNUoS
2. Charge offshore generators through the locational element of TNUoS
3. Charge offshore generators through a new type of Use of System charge
4. Charge offshore generators as an excluded service
5. Charge OFTOs as an excluded service

Current preference for option 3

- ◆ Transparency, flexibility and generators charged cost reflectively

Next steps

Consultation closes on Monday 24th November 2008

Ofgem has requested the Charging Methodology modification proposal to be submitted in Dec 2008, and no later than 1 January 2009