

European Commission Regulation 838/2010 – Impact on G/D Split



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Background – EC Regulation 838/2010

$$\text{Annual Average Transmission Charge}_{\text{Generators}} = \frac{\text{Annual Total Transmission Tariff Charge}_{\text{Generators}}}{\text{Total measured energy injected in the System}_{\text{Generators}}}$$

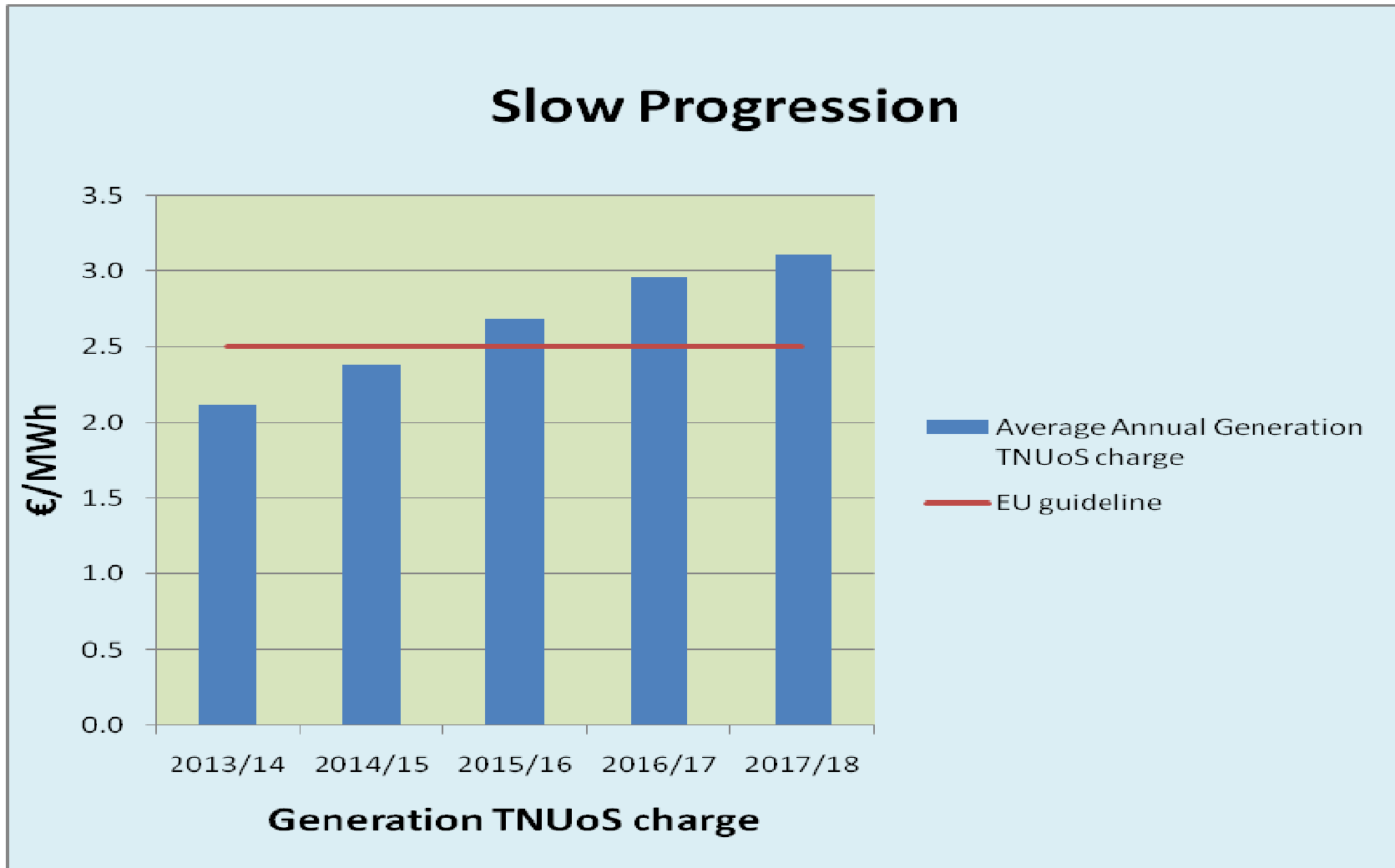
- The Transmission Charges for Generators shall exclude –
 - Charges for physical assets required for connection to the system or upgrade of the connection
 - Charges related to ancillary services
 - Specific system losses Charges

- Annual Average Transmission Charges paid by Generators in GB, NI and RoI shall be in the range of **0 - 2.5 €/MWh**.

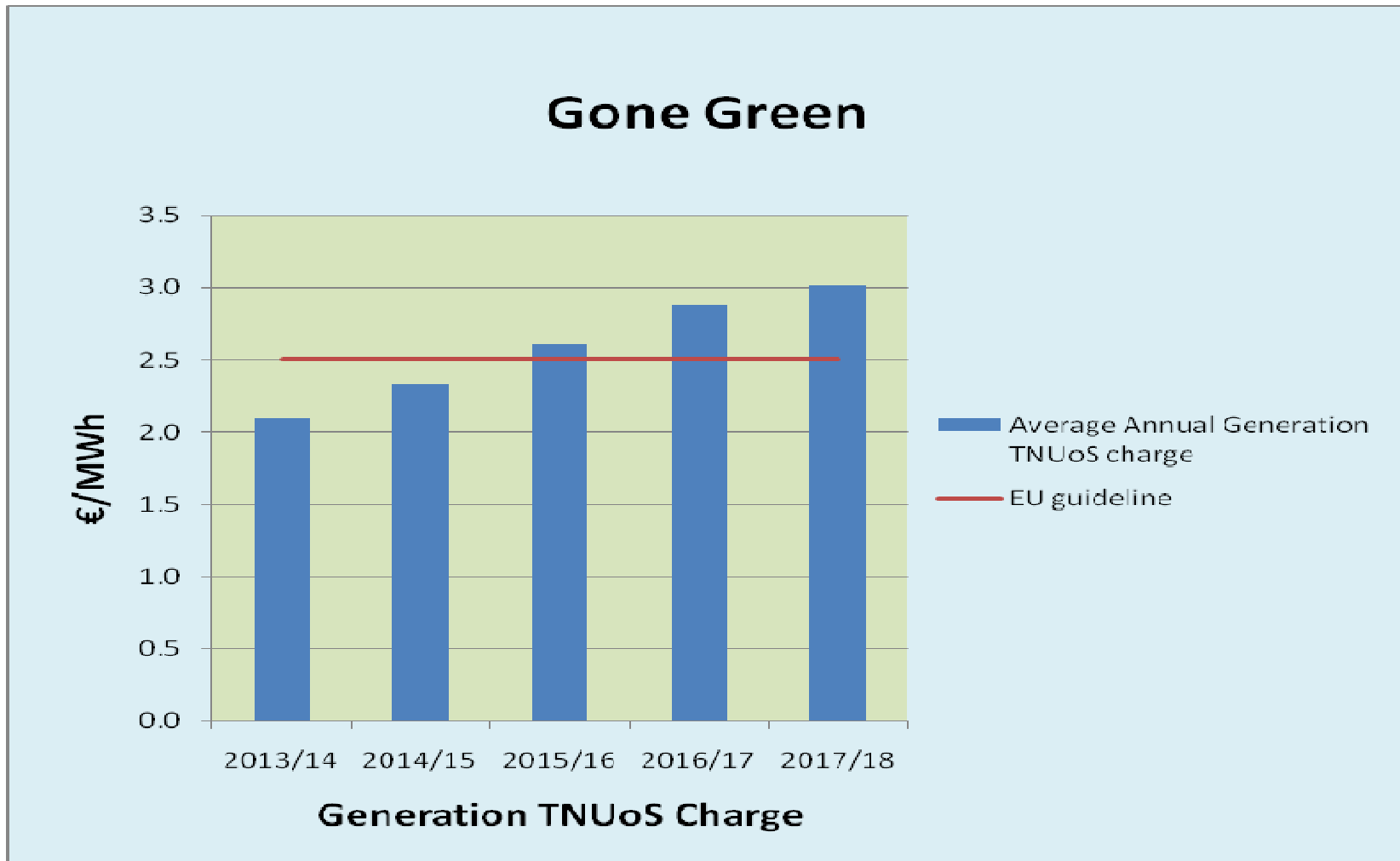
ACER Review

- ACER is monitoring the range of Transmission charges
- Provide opinion to the Commission by 1st January 2014 for the appropriate range(s) of charges for the period after 1st January 2015.
- National Grid has provided data to Ofgem for ACER review in June 2013

Analysis



Analysis



Exchange Rate (£/€) fluctuation



Last 2 years

Average – £1:€1.21136

Average Annual Transmission Charge 14/15

2.5 €/MWh



Last 5 years

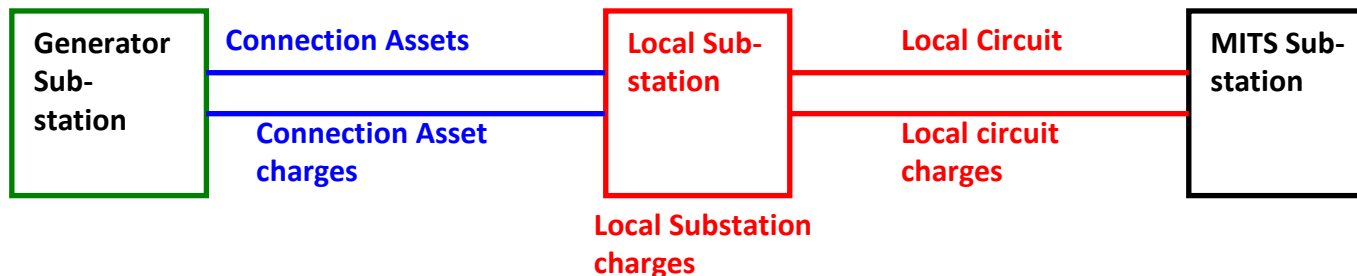
Average – £1:€1.15808

Average Annual Transmission Charge 14/15

2.3 €/MWh

Reporting of Generation TNUoS charges

- Generation TNUoS Revenue = Wider Charges + Local Charges
- Local charges are only payable by generation users
- Recover the cost of providing local network
 - Local charges = Local substation + Local circuit
- Majority of local assets were treated as Connection assets prior to PLUGS regime implementation



National Grid's View

- Local charges can be classed under –
 - ‘*Charges paid by generators for physical assets required for connection to the system*’, as per the regulation
- Therefore can be excluded from reporting of Overall Generation Transmission charges
 - Likelihood of breach pushed further
- Synergy with other European member states on Connection assets definition
- Discussion held with Ofgem

Next Steps

- Future reporting will be based on this interpretation
- However, should this interpretation be challenged, a change to the CUSC would mitigate risk of hitting limit
- CUSC modification proposal to be submitted at September Panel
- Explore options via Workgroup:
 - Cap on Generation Transmission charges?
 - Overall review of G/D Split?