

Targeted Charging Review

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The Drivers for Change in Charging



Market Developments

Regulatory developments including evolution of European arrangements



Distributed Generation

Increased penetration of distributed energy sources



Smart & HH Metering

New consumer technologies



Facilitating Flexibility

Demand side response, energy storage, DSO



Predictable Charges

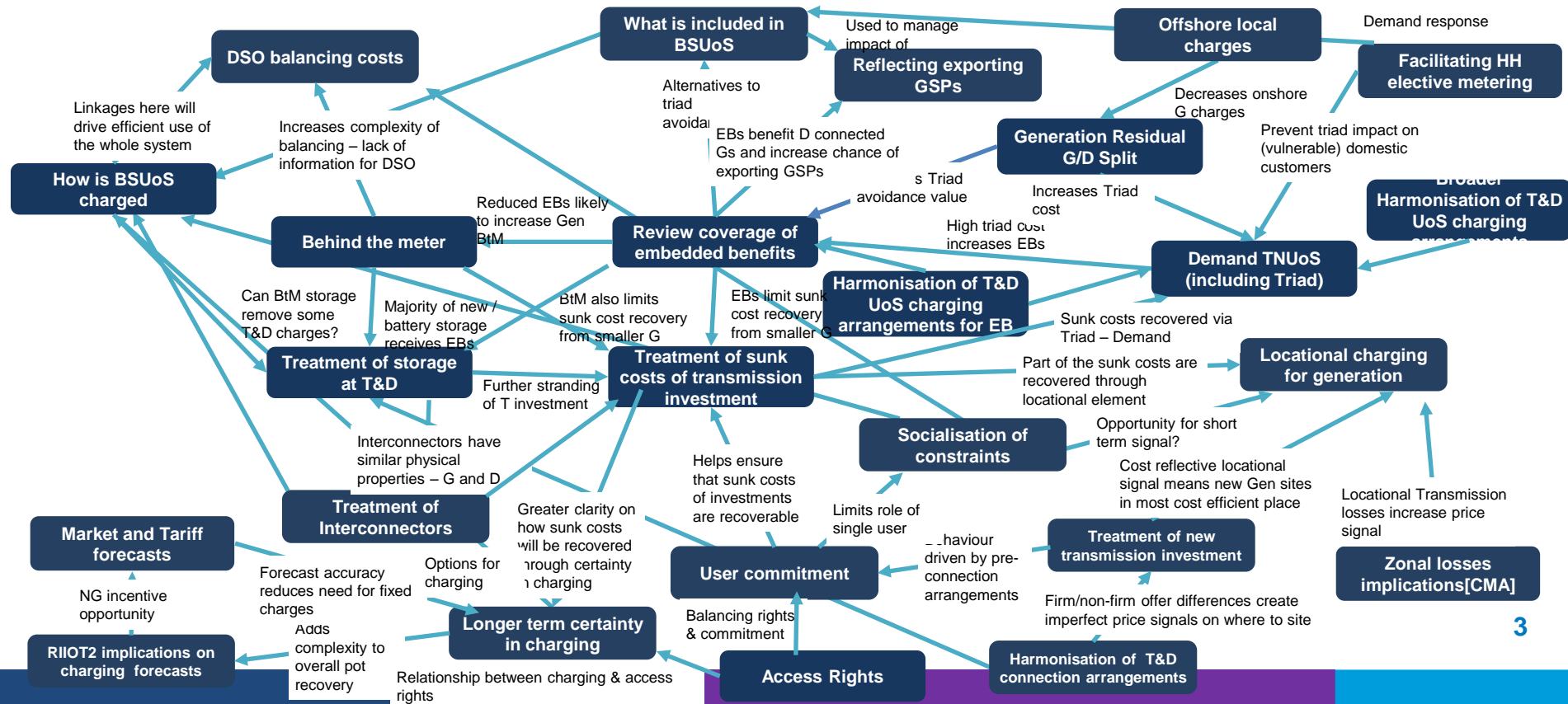
Improving our forecasts and removing volatility



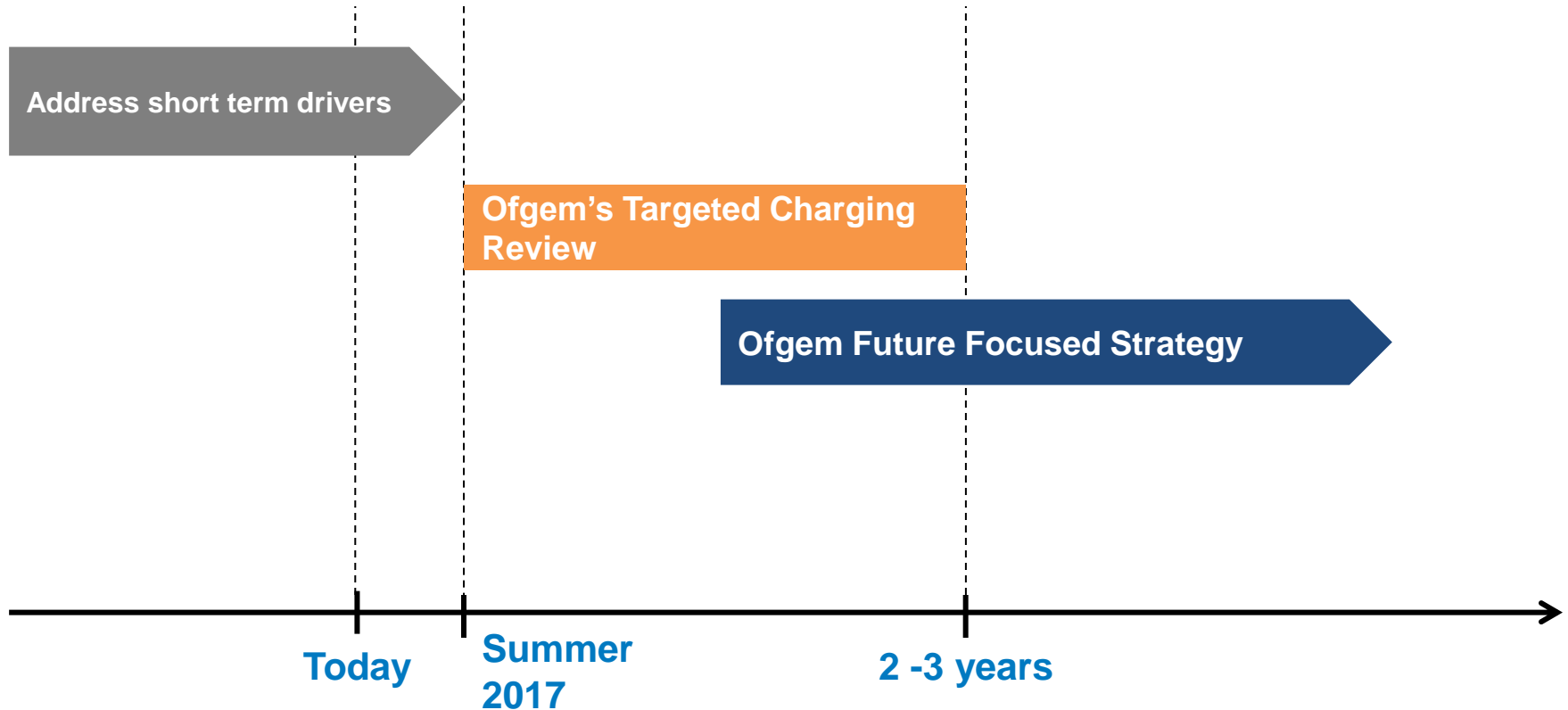
Reflecting Sunk Costs

Ensuring recovery of revenue in a fair manner from users

Potential scope of a charging review



Staged approach to a Charging Review



Charging Review scope item priorities – Industry Feedback

Immediate priority areas needing to be progressed in the short term

Facilitating HH elective metering

Zonal losses implications [CMA]

Clarifying treatment of storage

Embedded benefits quick fixes

Market and Tariff forecasts

RIIOT2 implications on charging forecasts

These areas need to be considered in the next two-three years

Treatment of sunk costs of transmission investment

Coverage of embedded benefits

Longer term treatment of storage

Behind the meter

Demand TNUoS (including Triad)

Access Rights

G:D (Generation Demand) Split

Offshore local charges

Longer term certainty in charging

Treatment of new transmission investment

User commitment

These areas need to be considered in a longer time horizon

What is included in BSUoS

Harmonisation of T&D UoS charging arrangements

Harmonisation of T&D connection arrangements

Treatment of Interconnectors

Aligning T&D treatment of storage

Reflecting exporting GSPs

Locational charging for generation

DSO balancing costs

Long term vision considerations

Single network charge

Market Splitting/ LMP

Charging Review scope item priorities – Relating to TCR

Immediate priority areas needing to be progressed in the short term

- Facilitating HH elective metering
- Zonal losses implications [CMA]
- Clarifying treatment of storage
- Embedded benefits quick fixes
- Market and Tariff forecasts
- RIIOT2 implications on charging forecasts

Areas to be considered in the next two-three years

- Treatment of sunk costs of transmission investment
- Coverage of embedded benefits
- Longer term treatment of storage
- Treatment of new transmission investment
- User commitment
- Demand TNUoS (including Triad)
- G:D (Generation Demand) Split
- Offshore local charges
- Longer term certainty in charging
- How is BSUoS Charged
- Access Rights
- Behind the meter

Areas to be considered in a longer time horizon

- What is included in BSUoS
- Harmonisation of T&D UoS charging arrangements
- Harmonisation of T&D connection arrangements
- Treatment of Interconnectors
- Aligning T&D treatment of storage
- Reflecting exporting GSPs
- Locational charging for generation
- DSO balancing costs

Long term vision considerations

- Single network charge
- Market Splitting/ LMP

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|--|-----------------------------|
| | Short Term Drivers |
| | 2-3 years not in TCR Scope |
| | In Scope of SCR |
| | In scope of TCR but not SCR |
| | Longer Term Issues |
| | Links to other work |

Developments in charging *through* the TCR

1. Addressing distortions in today's market

Treatment of sunk costs of transmission investment

G:D (Generation Demand) Split

Coverage of embedded benefits

Behind the meter

2. Laying the foundation for the UK's smart and flexible energy ambitions

How is BSUoS charged?

Longer term treatment of storage

Longer term certainty in charging

Developments in charging *beyond* the TCR

1. Priorities in the short term

Offshore local charges

Treatment of new transmission investment

Demand TNUoS (including Triad)

User commitment

Access Rights

2. Laying the foundation for the UK's smart and flexible energy ambitions (long term)

What is included in BSUoS?

Harmonisation of T&D connection arrangements

Reflecting exporting GSPs

Treatment of Interconnectors

Harmonisation of T&D UoS charging arrangements

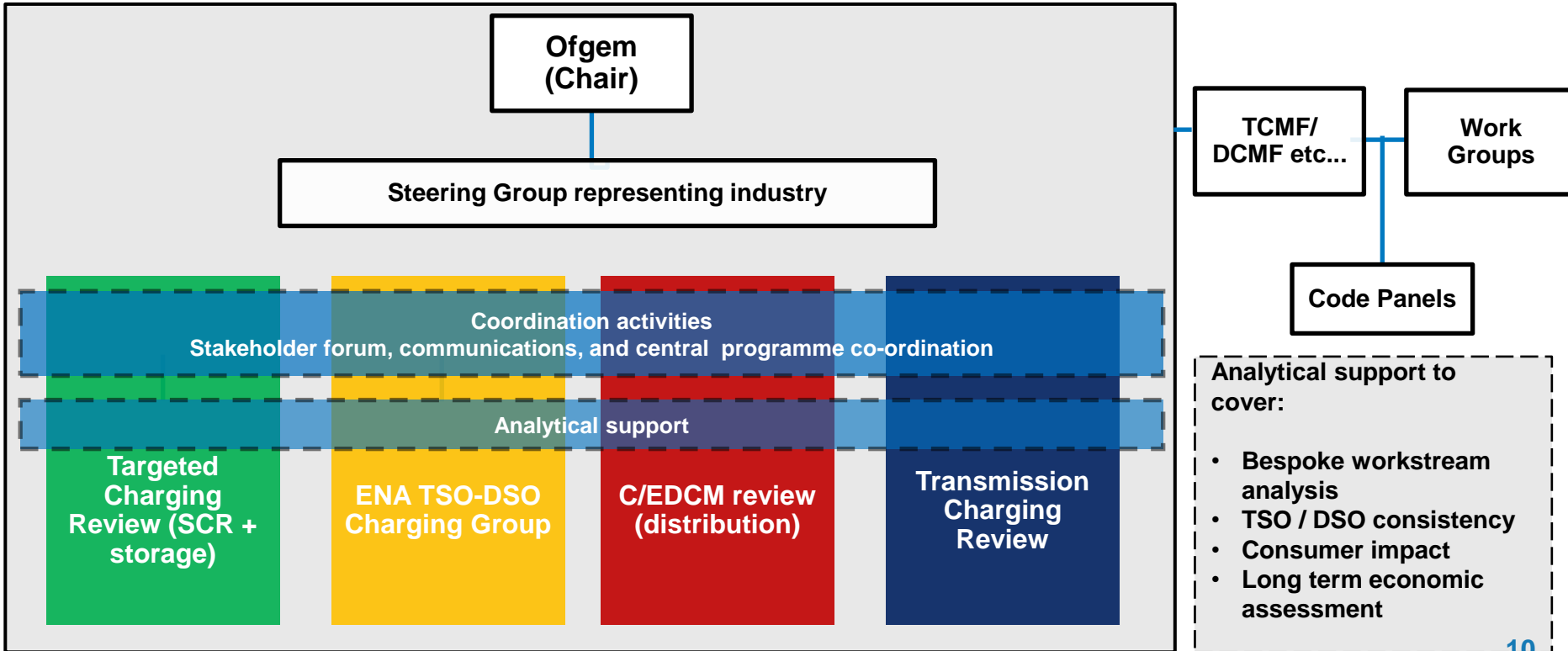
Locational charging for generation

DSO balancing costs

Ambitious long term charging reform

**Single network charge and
Market splitting/ LMP**

Thoughts on the Charging Co-ordination Group



AOB

Next meetings

May

10

Wednesday

June

14

Wednesday

July

12

Wednesday

Will be an 10:30am start unless otherwise notified.

We value your feedback and comments

If you have any **questions** or would like to give us **feedback** or share **ideas**, please email us at:

cusc.team@nationalgrid.com

Also, from time to time, we may ask you to participate in surveys to help us to improve our forum – *please look out for these requests*

Close

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