

# CMP303 - Improving local circuit charge cost-reflectivity

This modification seeks to make part of the TNUoS charge more cost-reflective through removal of additional costs from local circuit expansion factors that are incurred beyond the connected, or to-be-connected, generation developers' need

## The Defect

When a new local circuit is built to enable the export of new generation, extra costs may be incurred on additional functionality that is unrelated to the needs of said generation. For example, on an island requiring a DC connection, the transmission owner would naturally build the HVDC infrastructure as one-way, only allowing flow from the island, where the generation is located, to the mainland. There may be a cost difference if the link is built as bidirectional. The relevant TO may choose to incur any such incremental expenditure making the link bidirectional, if it felt that there were security benefits in terms of, under certain scenarios, securing demand. That is one example; there may be other additional functionality to be included in AC local circuits, that are at the behest of the transmission owner or system operator, and not related to the needs of the generator. Absent clarification of the exclusion of these extra costs, they are very likely to be included in the actual costs used to calculate the expansion factor and hence the relevant local circuit charge, meaning that relevant generators are facing a local circuit charge that is not fully cost-reflective.



## CMP303 - How

Baseline CUSC says at 14.15.75 that AC cable and HVDC circuit expansion factors are to be calculated on a case by case basis using actual project costs (Specific Circuit Expansion Factors). It is suggested that a following paragraph be added, to make clear that where there are extra costs unrelated to the relevant generators' needs, they should be excluded from the relevant expansion factor. The Transmission Owner will provide the cost information on a case by case basis (to Grid), removing any additional costs not solely for the developer. STC procedures 13 and 14 already allow for the TO to provide relevant information to the TNUOS charging team, using broad and inclusive wording, so they will not need amendment.



## CMP303 - When

There are CFD auctions that new generators will compete in to secure support, which are expected to be in summer or autumn 2019, with qualification in Spring. In order to decide to take part, and then compete in this auction efficiently, potential such plant must be able to forecast the local circuit tariff element of their TNUoS charge. To do that, they need to know, if the TO is proposing to add cost by constructing a link providing extra functionality not needed by the developer(s), how that incremental cost, will or will not impact on their local circuit tariff. This mod elegantly gives that clarity in a simple way that maximises cost-reflectivity and if processed quickly, is able to be passed a few weeks ahead of the earliest conceivable auction tender submission deadline. It is up to Panel if it needs Urgent status. The mod includes suggested legal text and so could avoid a workgroup



## CMP303 - Legal Text

### Aim

Baseline CUSC says at 14.15.75 that AC sub-sea cable and HVDC circuit expansion factors are to be calculated on a case by case basis using actual project costs (Specific Circuit Expansion Factors). A following paragraph to be added, should make clear that the incremental costs, as identified by the TO, of extra functionality unrelated to the developers' needs, should be excluded.

### Legal Text

Replace 14.15.75 and 76 with :

*14.15.75 AC sub-sea cable and HVDC circuit expansion factors are calculated on a case by case basis using actual project costs (Specific Circuit Expansion Factors), except that these project costs should only include costs relevant to and needed by the connected generators. The incremental cost of any extra functionality that the TO chooses to add, of wider benefit, should not be included.*

*14.15.76 Subject to 14.15.75, for HVDC circuit expansion factors both the cost of the converters and the cost of the cable are included in the calculation*



## CMP303 - Process

Proposer's Recommendation to Panel Panel is asked to agree that the normal governance procedure should apply, sending it straight to consultation bearing in mind timescales described on slide 3

