Charging Framework.
To aid understanding.

Charging framework

1. Energy UK considers that in order to facilitate understanding it would be useful to begin to consider some of the issues and questions arising from the TAR code and how it may be implemented in GB.

2. Time is short, need to progress modelling and understanding so we can develop a solution in time.

3. The following is not a consensus view of members nor a preferred position of Energy UK or its members.

Charging framework

There are some issues that will need to be considered irrespective of other decisions:

1. Allocation of services / revenue to transmission and non-transmission services.

Can SO revenue be treated as non-transmission services and recovered by a SO commodity charge?
Suggest : NG to produce table with initial allocation of services / revenue for review.

2. Price of contracts / booking before 16 Sept 2016 is protected.

Suggest: NG prepares revenue profile for such contracts for future years, identifying storage separately from other points

Strawman #1. Develop Model & charges based on…

1. Reference price methodology – CWD with 50:50 entry: exit split

2. Transmission services revenue net of existing contract revenue for a given year

3. Storage capacity discount – 100%. Storage will pay commodity fees (CRRC, flow based, non-transmission services)

4. Multipliers – set all to 1 (vary for sensitivity analysis)

5. Work up entry and exit capacity charges based on capacity at

- Obligated levels
- Historical flows

Determine for 5. under-recovery adjustment as 1. CRRC and 2. as an additive adjustment

For further consideration

How to refine this simple model to consider scenarios with:

1. Different multipliers for short term products and behavioural responses.
2. Different discounts for storage.
3. Modelling of interruptible capacity.
4. Modelling of Shorthaul.