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UNC FGO Workgroup (Charging)

Meeting Overview 05.09.16

Overview

- Sharing of Charges
 - Across constituencies and between constituency members
 - Options modelled for Shipper Charges
- Cost Drivers
 - Most CDSP input costs do not vary in year in response to customer demand
 - Proposal: transactional charging continues to apply for current UP services
- Budget and Charging Methodology
 - Initial draft of DSC Service Document
 - Linked to Charging Principles
- Invoicing Process – recent feedback to Ofgem

Sharing of Charges

CAT Split

From Nexus

Shippers (~30%)

Networks (~70%)

Transactional (~£2m p.a.)
Services currently designated as 'User Pays'

NGGT
(RIIO-T1)

GDNs
(RIIO-GD1)

iGTs
(RPC)

'Capacity' (~£7m p.a.)

Share on AQ

Share on MPRN only

Share on MPRN with Standing Charge

100% Gemini

y% Other

z% Other (lower)

Not a CDSP cost driver

Relates to CDSP costs

Relates to CDSP costs

x% Other

No further sharing required

Share on MPRN count

Share on MPRN count

Some Shippers with low MPRN count receive large Charges

30+ Shippers with low MPRN count receive lower Charge than Trader only users

Ensures that Shippers with low MPRN count receive 'meaningful' Charge

Simple to implement and operate; transparent; predictable

Options

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Sharing of Charges - commentary

- GT / Shipper split based on positioning of UNC obligations and consequent DSC counter-party (customer). 70/30% at top level.
- Sharing between GT constituencies, also based on DSC counter-party.
- Sharing amongst GDNs and IGTs, based on MPRN share
- Charging to shippers – some transactional charging retained
- Options to share shippers' 'capacity' element – modelled on three options
 - Outcomes show some adverse implications of AQ share or MPRN-only share
 - MPRN-only with fixed element may address the adverse implications