

IUK 2016 Charging Methodology Interconnector

UNC TRANSMISSION WORKING GROUP

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Charging Methodology 2016

- Key milestone: March 2016 CAM annual auction
- IUK may have pre-2018 capacity available e.g. surrender
- Aim to make methodology as enduring as possible

Key Milestone	Date
IUK consultation opens	29/09/15
IUK consultation closes	27/10/15
IUK submit 2016 CM for 3 month NRA approval	Early November 2015
IUK publish approved annual tariffs	Early February 2016
IUK offer post 2018 annual capacity in March 2016 CAM auction	Early March 2016



CM 2016: key proposed amendments

- Background: The key principles in determining the prices already set out in section 2.1 include competitive forces, costs, projected demand and avoiding cross subsidy from STA shippers.

Short run multipliers

- *The same principles as above will be used to determine the level of the price multiplier of products less than a year.*
- *This includes the reserve prices for CAM products.*
- *The price multipliers may be different for the different short term entry and exit products.*



CM 2016: key proposed amendments

When prices are published:

The relevant reserve price will be published at least:

- *Twenty eight days ahead of any capacity product auction with a capacity duration equal to, or greater than one year.*
- *Fourteen days ahead of any capacity product auction with a duration equal to, or greater than, a quarter.*
- *A day ahead of any capacity product auction with a duration greater than one day and less than a quarter.*
- *An hour ahead of any daily and within day capacity product sale.*



Why changes are justified

- **Compliant with NWCs taking into account “specific nature of interconnectors”**
- **Appropriate for an interconnector with full market exposure**
 - Enables IUK to respond to market conditions
 - Allows IUK to avoid revealing sensitive price data to competitors months in advance of auction
- **Helps create a more level playing field with other flexibility sources**
- **IUK must attract Customers. Market acts as an effective constraint**
- **CM more enduring to avoid frequent amendment where possible**



Stakeholder Consultation

- Consultation runs from 29 September to 27 October 2015
- What are your thoughts on the proposal?

We want to hear from you