

REVIEW GROUP 0221

Financial Commitments in Electricity

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25th September 2008

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- > **Will not cover**
 - CAP165 *Finite Long-term Entry Rights*
 - CAP166 *Long-term Entry Capacity Auctions*

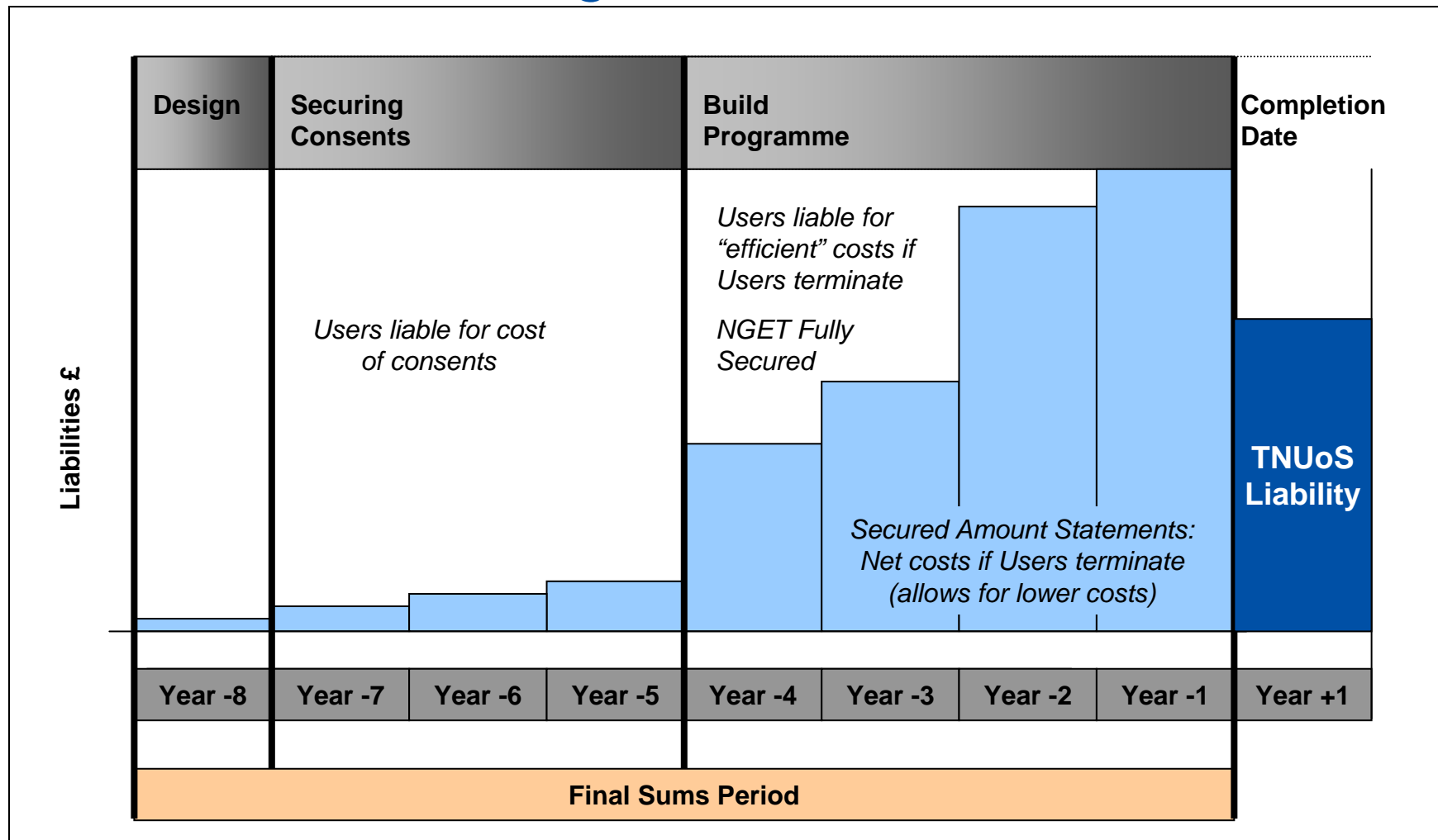
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Arrangements for Acquiring Capacity

- > **New generators make application to GBSO**
- > **GBSO liaises with TOs, who determine extent of any system reinforcement works required**
- > **These system works and completion date are written into Connection Offer (includes generator build programme)**
- > **Generator must provide financial security against the system works until completed, when liability falls away**
- > **Once connected the generator is liable for paying 12 months TNUoS based on Transmission Entry Capacity (TEC)**

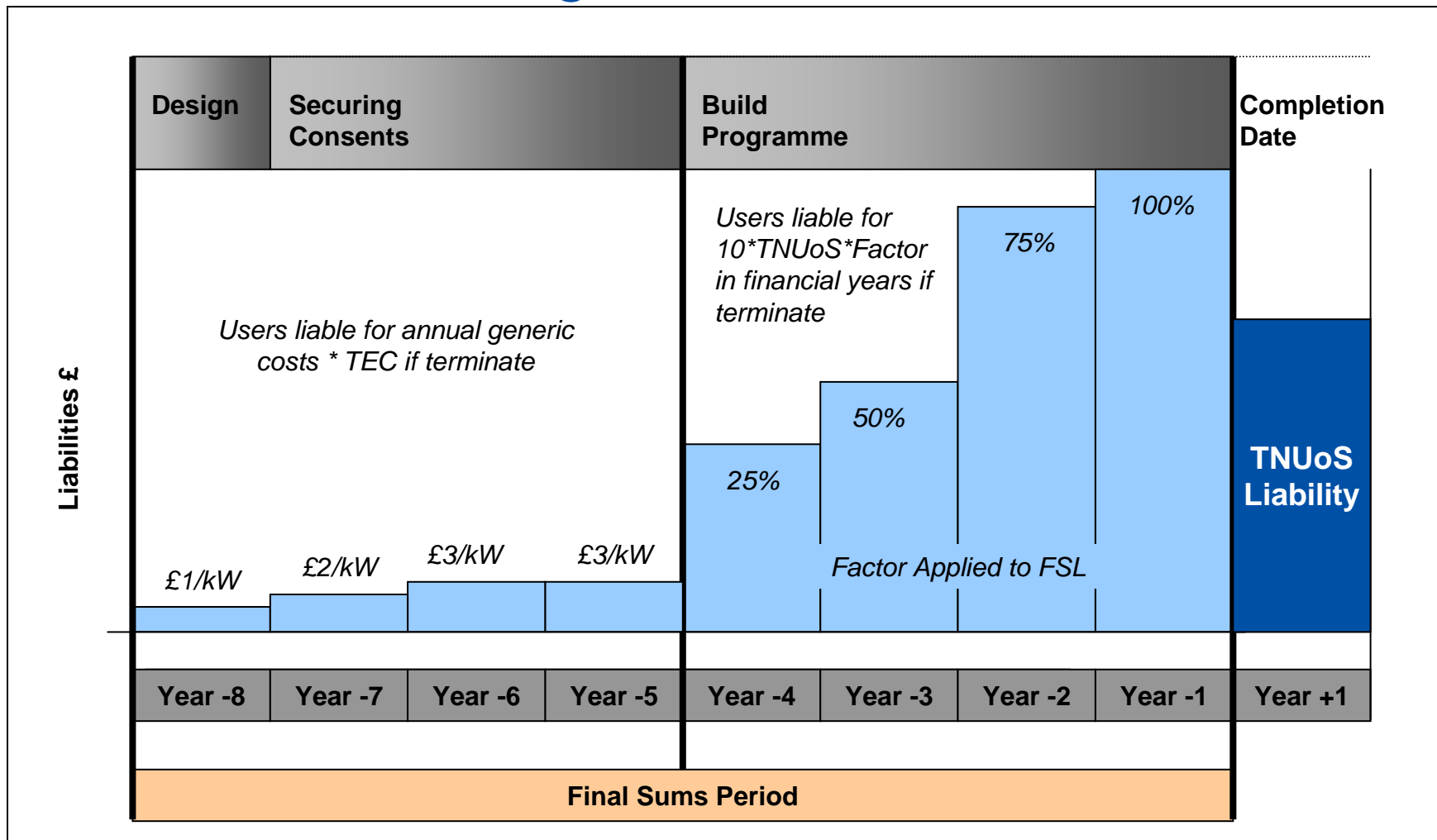
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Current FSL Arrangements



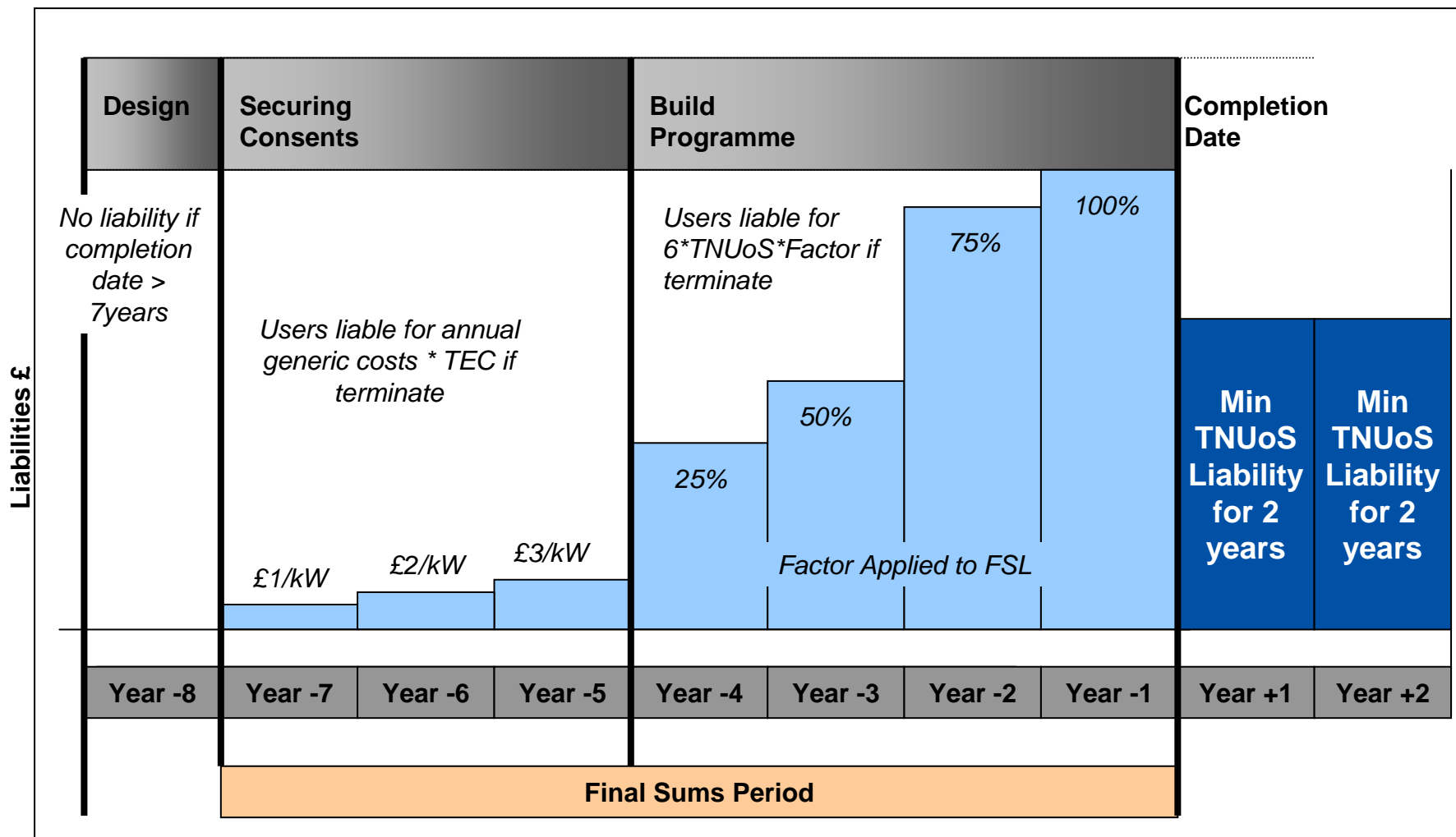
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Interim FSL Arrangements



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CAP 131



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Current Arrangements - Summary

- > **Connection offer**

Sets out works required for connection and indicative date

- > **Final Sums Liability**

Generator provides defined level of security to cover all the costs triggered by generator's connection

Variants based on whether actual costs or proxy (TNUoS multiplier or UCA)

- > **Distinguish between:**

Commitment to deliver project

Commitment to pay Use of System charges

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Some Issues for Gas Entry Capacity Model

> **Nature of User Commitment**

Incremental capacity release based on economic test giving commitment to pay Use of System charges

No commitment to deliver their project

> **Requirement to mirror electricity arrangement?**

Final Sums Liability at point of QSEC allocations

Other contractual changes

Economic test based on UCA, rather than TNUoS as UCA more reflective of investment costs

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Any Questions?