

# Mod 0761: Interconnector Storage

## Transmission Services Capacity Reserve Price Impact Analysis

7<sup>th</sup> September 2021

# Reserve Price Impact Analysis

## Key Points:

All analysis has been run using the Tx models used in production of the current and indicative charge published in May 2021.

An inactive Storage Site has been used as a surrogate for the Bacton Storage Capacity in the recalculation of the Rates

Where 'new' Capacity is procured for the purposes of storage, the volume was entered in to a version of the FCC calculation using the surrogate site. The 'new' Capacity figure is entered for six months and averaged over the year to create a Bacton Storage FCC value to be used in the rate calculation.

Where 'current' Capacity is utilised for storage, a calculation is made on a month by month basis to move non-Existing Contract Capacity to the storage surrogate up to the volume entered for the same six months.

Where there is less capacity available for storage use than required, additional 'new' capacity is assumed to be purchased to fulfil the requirements.

# Reserve Price Impacts

In scenarios where ‘new’ capacity is required to fulfil the storage demand, each additional storage unit generates 20% of the Reserve Price in addition to the current expected revenue, bringing Transmission Services Reserve Price Rates down.

In utilising current capacity, initially each unit moved results in an 80% decrease in revenue recovered due to the Storage discount. However, once demand exceeds the current FCC excluding Existing Contracts, there is no current capacity available to use for Storage and so new capacity must be purchased.

For every one unit of current capacity, four units of new capacity above the original FCC would be required to balance the revenue impacts. The beginnings of this effect can be seen as the Rates levels off at higher volumes.

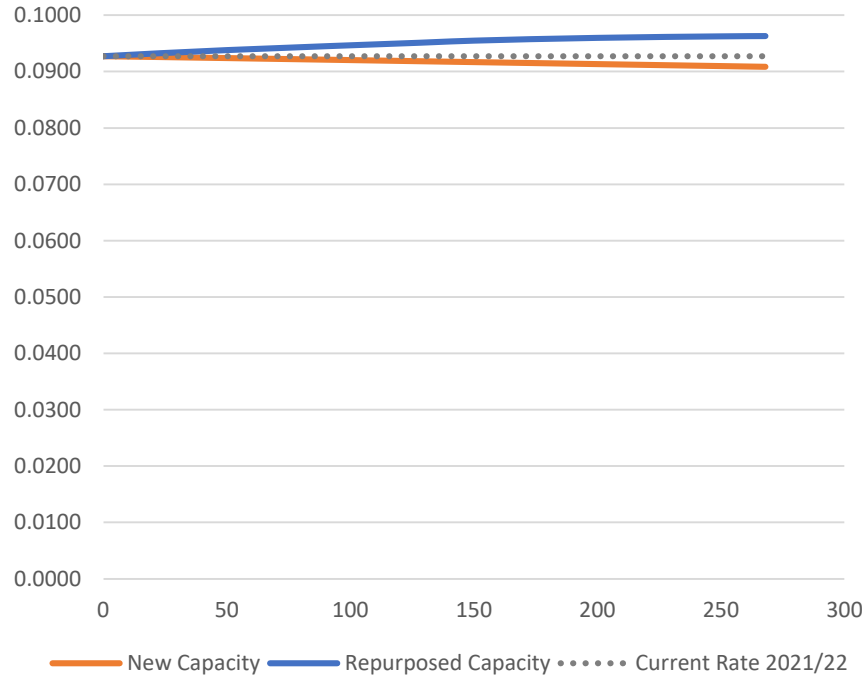
New Capacity		
Volume	Entry Rate	Exit Rate
0	0.0927	0.0211
50	0.0924	0.0210
128	0.0918	0.0210
150	0.0917	0.0210
200	0.0913	0.0210
250	0.0910	0.0210
268	0.0909	0.0209

Repurposed Capacity		
Volume	Entry Rate	Exit Rate
0	0.0927	0.0211
50	0.0938	0.0212
128	0.0951	0.0215
150	0.0955	0.0216
200	0.0960	0.0218
250	0.0962	0.0220
268	0.0963	0.0220

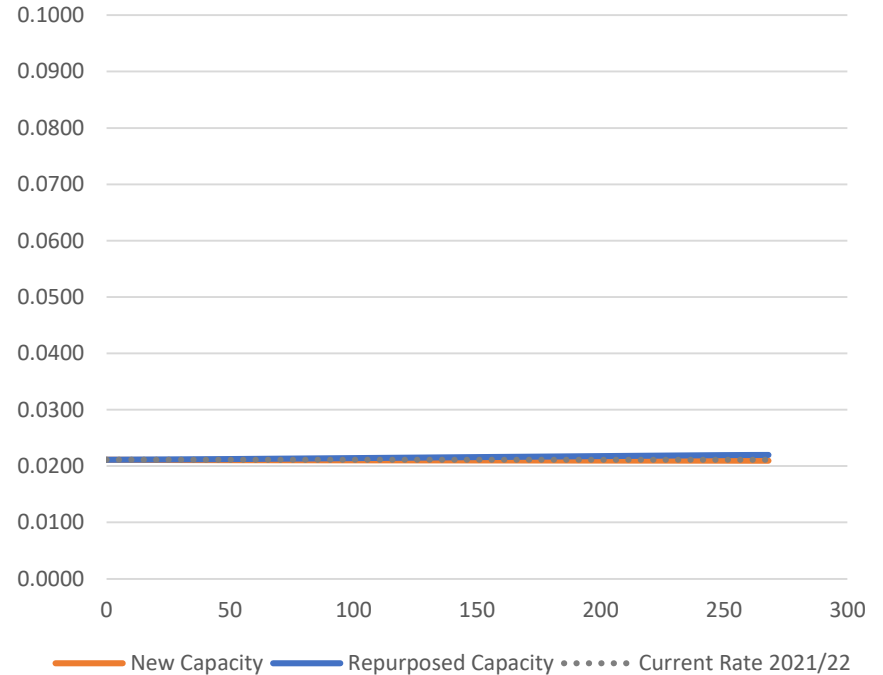
Balanced Capacity Acquisition		
Volume	Entry Rate	Exit Rate
0	0.0927	0.0211
50	0.0931	0.0211
128	0.0935	0.0213
150	0.0936	0.0213
200	0.0937	0.0214
250	0.0936	0.0215
268	0.0936	0.0215

# Rate Change in Context

## Entry Rate

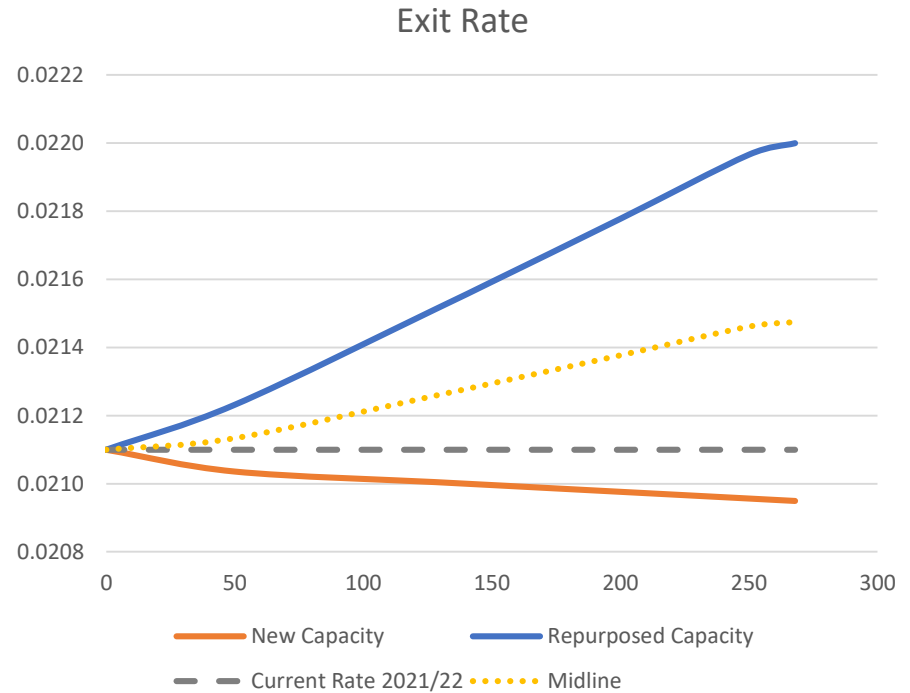
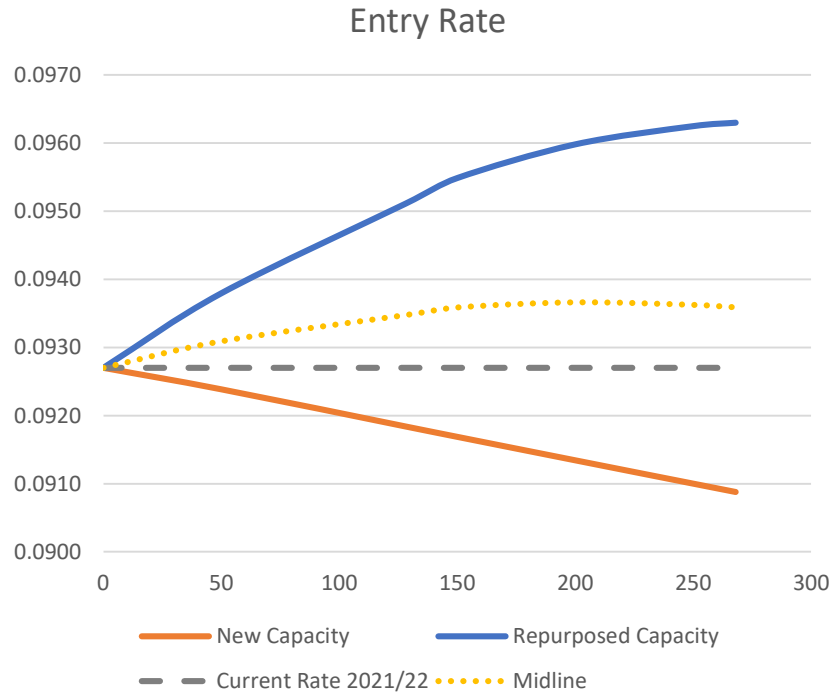


## Exit Rate



# Rate Change in focus

rate



national**grid**