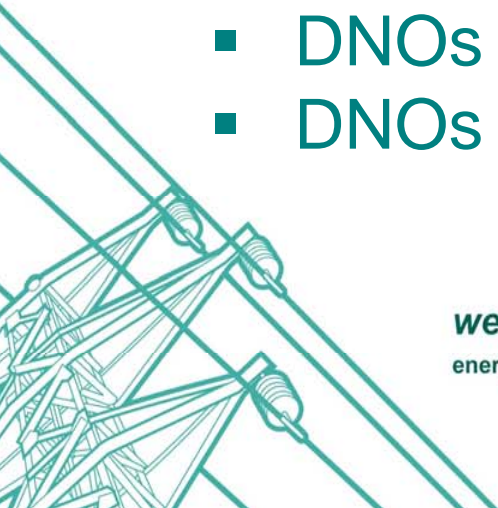


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Responses to Suppliers' questions

- De-energised Sites
 - Aspiration to levy no use of system charges
- NHH billing arrangements for profiles 5 to 8
 - Aspiration to bill NHH sites by SuperCustomer
- DUoS Tables
 - DNOs to issue new charges in excel format
 - DNOs working on common excel format



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Responses to Suppliers' questions (continued)

- Capacity Charging & Derivation of kVA
 - Aspiration to use common approach
 - Propose cross-industry working group to develop



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Mission and objectives statement:

- Aspiration to develop framework methodologies
- Combined framework for load and generation
- Recognise connection and use of system linked
- Encourage efficient development and usage
- Recognise three stage approach:
 - Cost attribution
 - Price modeling
 - Revenue balancing
- Seek participation and comment at all stages



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Possible approach for long-term:

- DNOs considering a 'straw-man' for the long term methodology.
- DNOs will consider other approaches that are tabled.
- DNOs will seek views of independent economists to validate approaches.
- 'Straw-man' to be viewed as a concept rather than a detailed proposal.



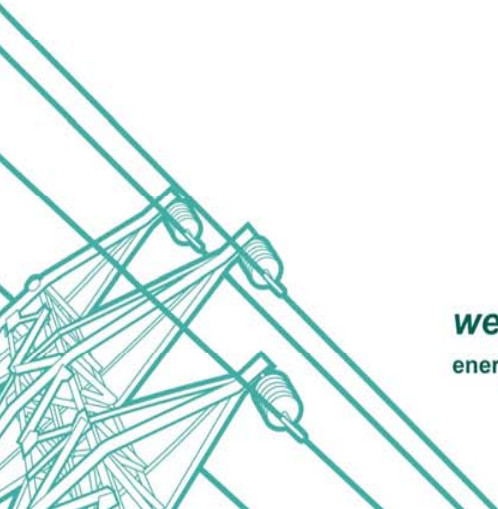
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Possible approach for long-term (continued):

- If the basic framework is OK then detailed allocation methods etc. can be developed
- Complexity may be reduced/ increased in certain areas.



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Discussion/ explanation of 'Straw-Man' proposal:

Cost attribution

- 1) Establish Forward Looking Costs.
- 2) Identify Customer Groups with Similar Characteristics.
- 3) Allocate Costs to Customer Groups.

Price Modelling

- 4) Determine Cost Structure for each Customer Group.

Revenue Balancing

- 5) Scale Forward Looking Costs to Recover the Allowed Revenue and Set Charges.

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