

Project TransmiT



Theme 6 – EU Transmission Tarification Guidelines; GB Analysis

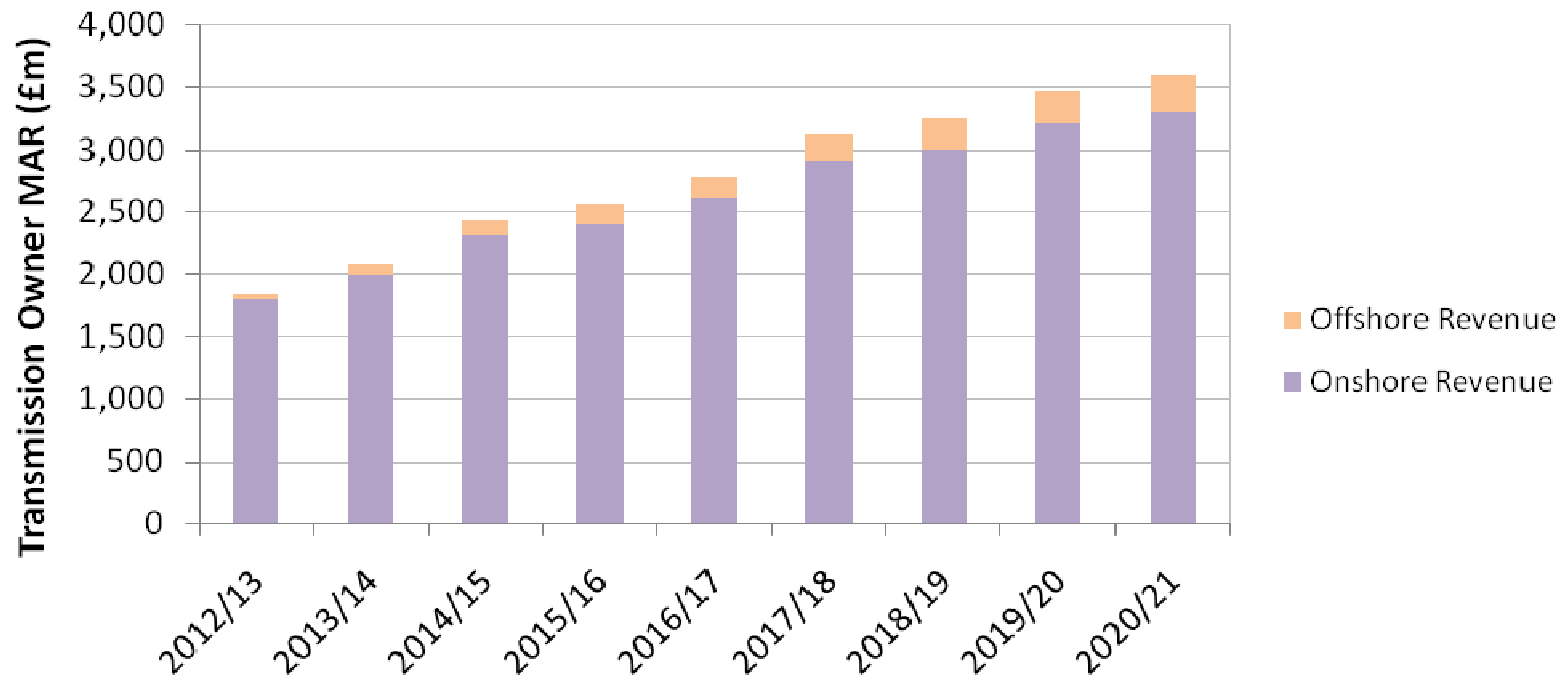
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Harmonisation

- The binding guidelines arising from the Regulation on Cross Border Electricity Exchanges state:
 - The value of the ‘annual national average G’ is annual total transmission charges paid by generators divided by the total measured energy injected annually by generators to the transmission network. Annual average G shall exclude any charges paid by generators for physical assets required for the generators connection to the system (or upgrade of the connection) as well as any charges paid by generators related to ancillary services or any specific network loss charges paid by generators
 - The value of the ‘annual national average G’ within Great Britain, Republic of Ireland and Northern Ireland will be at maximum 2.5€/MWh

Input Assumptions – TO Revenue

- RIIO business plan assumptions for onshore revenue
- 9GW of additional offshore wind by 2020, build rate of 1GW/year, £400m/GW, 20 year depreciation, 10.2% annuity



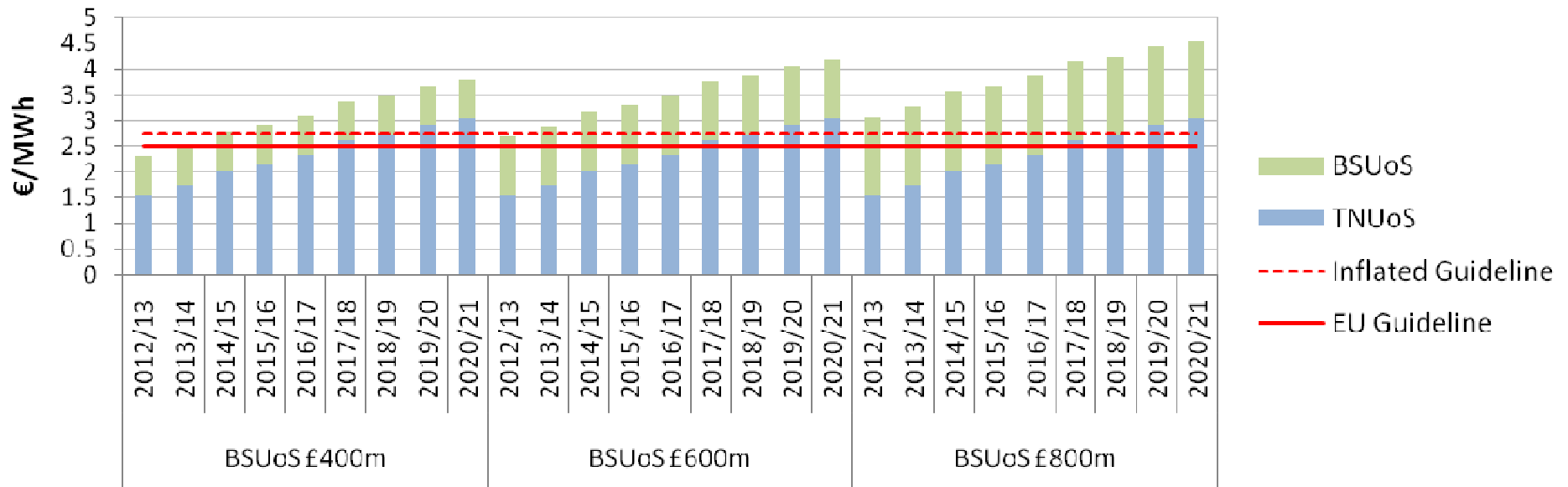
Input Assumptions – TO Revenue

- Generators pay 27% of TO Revenue through TNUoS
- BSUoS included for information only
- Generators pay 50% of SO revenue through BSUoS
- Various BSUoS levels illustrated, but assumed not part of limit

Results

1GBP = 1.143EUR

- Current exchange rate and total energy generated of 300TWh

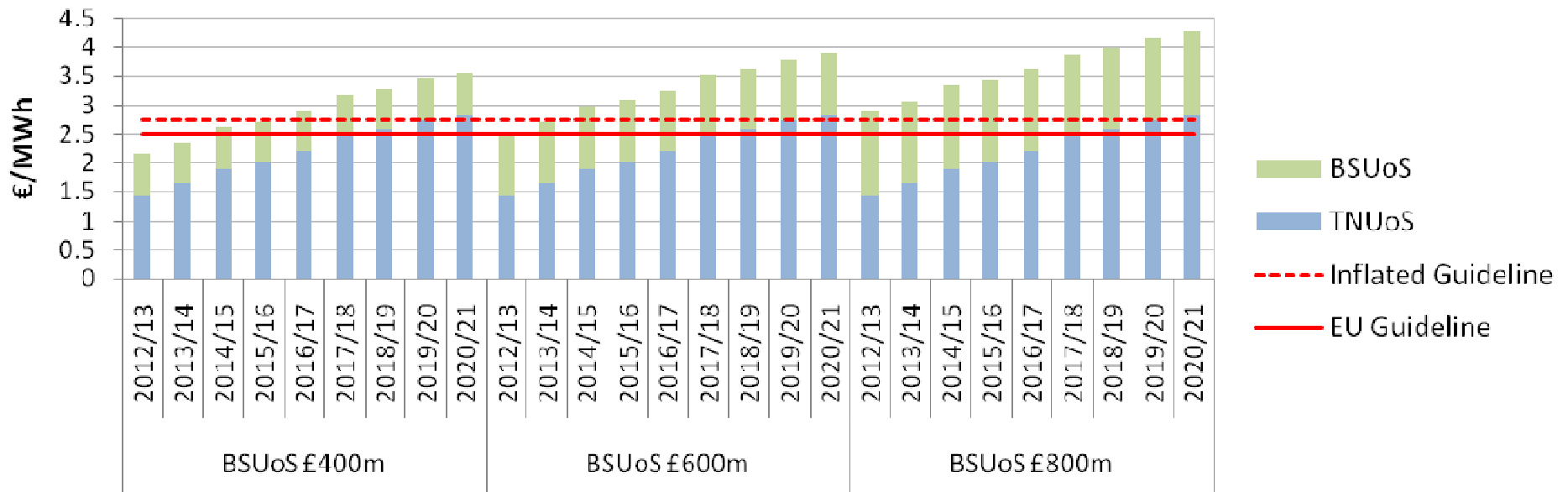


- For TNUoS only; tariffication guideline breach by **2017/18**
- Allowing for inflation of guideline; breach by **2019/20**

Results

1GBP = 1.143EUR

- Current exchange rate and total energy generated of 320TWh

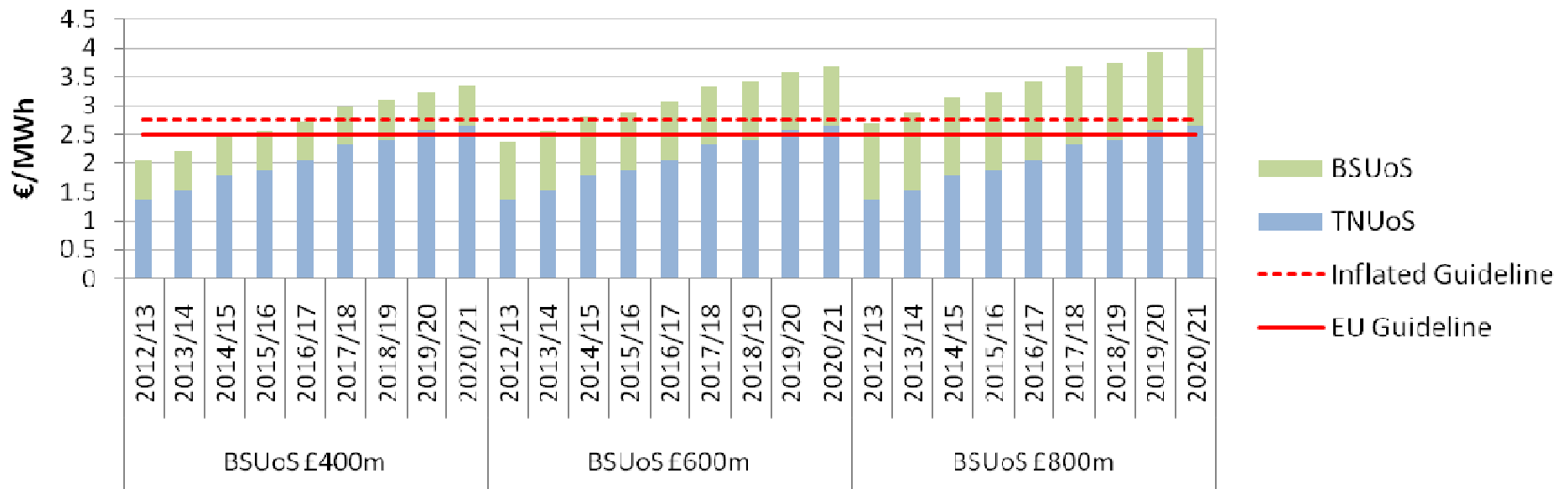


- For TNUoS only; tariffication guideline breach by **2018/19**
- Allowing for inflation of guideline; breach by **2020/21**

Results

1GBP = 1.143EUR

- Current exchange rate and total energy generated of 340TWh



- For TNUoS only; tariffication guideline breach by **2019/20**
- Allowing for inflation of guideline; **no breach by 2020**

Exchange Rate Movement

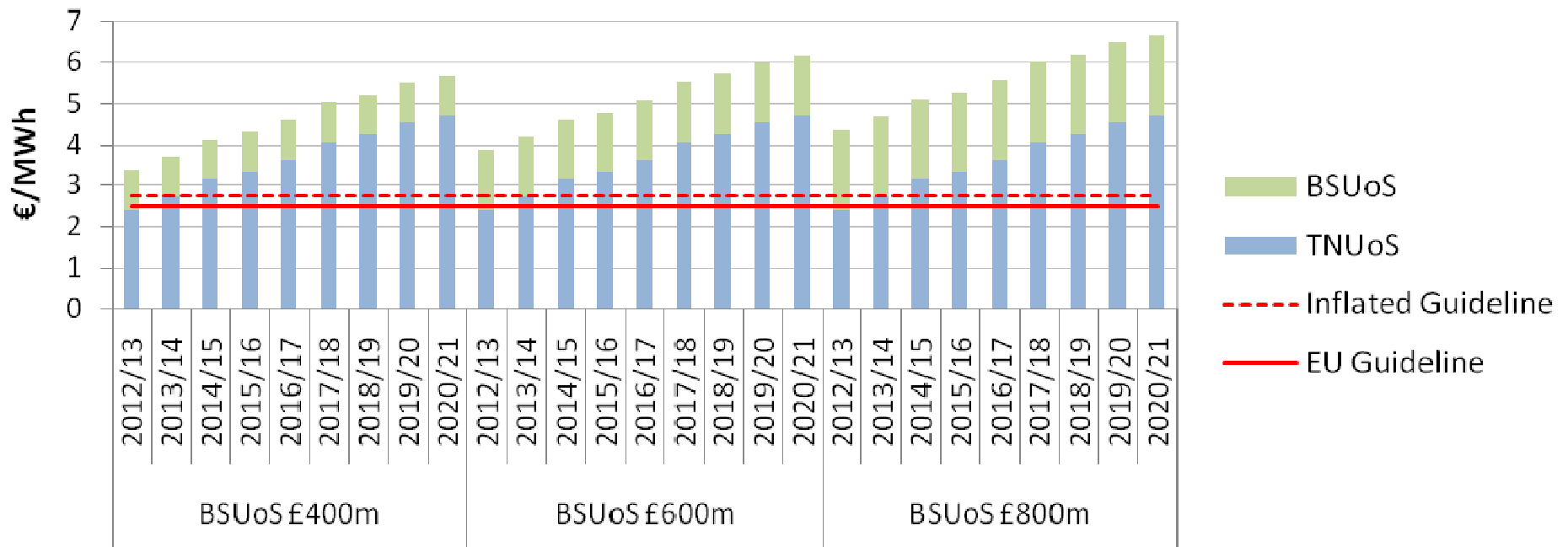
- Guidelines set in 2005; investigate at this rate



Results

1GBP = 1.448EUR

- Historic exchange rate and total energy generated of 300TWh

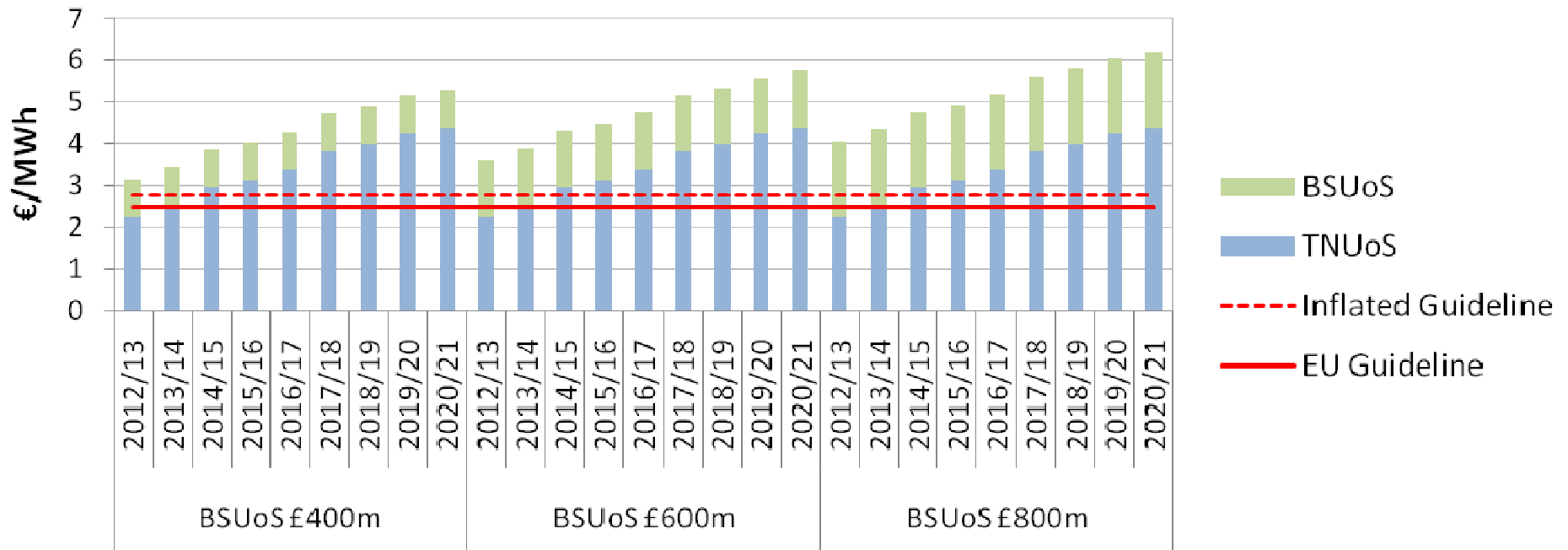


- For TNUoS only; tariffication guideline breach by **2013/14**
- Allowing for inflation of guideline; breach by **2014/15**

Results

1GBP = 1.448EUR

- Historic exchange rate and total energy generated of 320TWh

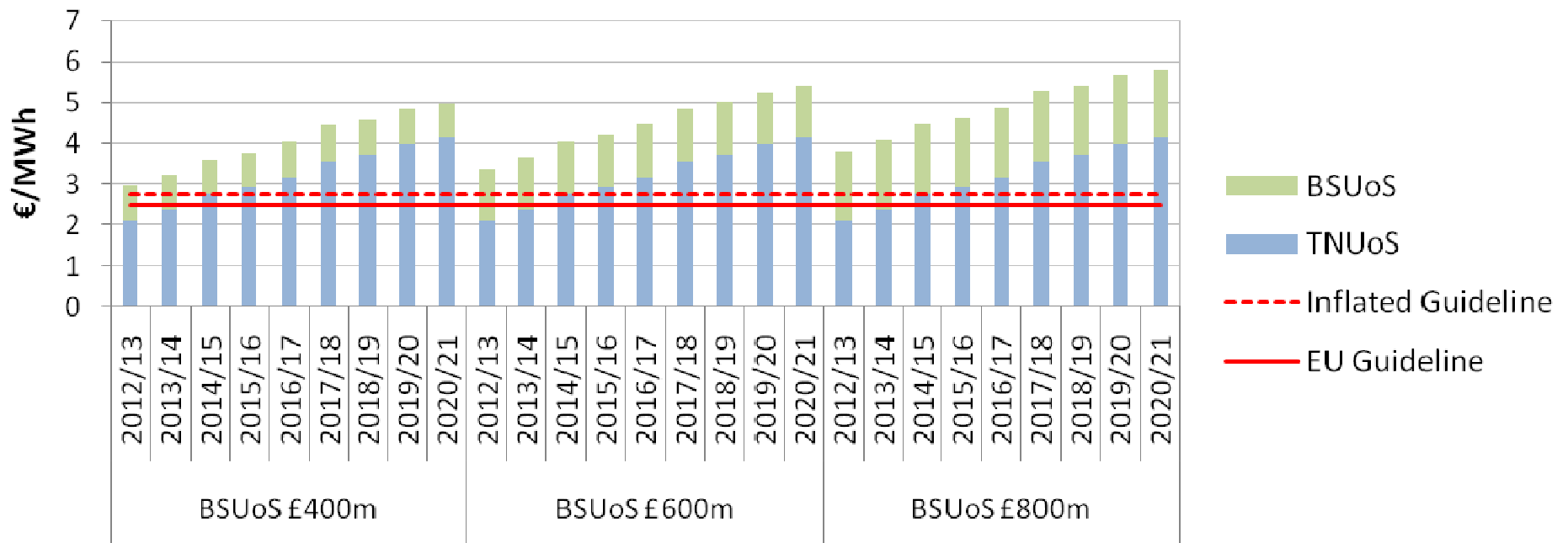


- For TNUoS only; tariffication guideline breach by **2014/15**
- Allowing for inflation of guideline; breach by **2014/15**

Results

1GBP = 1.448EUR

- Historic exchange rate and total energy generated of 340TWh



- For TNUoS only; tariffication guideline breach by **2014/15**
- Allowing for inflation of guideline; breach by **2015/16**

Conclusion

- The tariffication guideline limit for ‘annual national average G’ would be breached by 2018/19 for the following central assumptions:
 - MAR based on RIIO business plan submissions and 9GW of offshore (at £400m/GW and 1GW/annum)
 - BSUoS not included
 - Total energy injected of 320 TWh
 - No allowance for inflation of the limit
 - Current exchange rate