

What could the tariffs framework guidelines mean for GB transmission charges?

Key issues for GTCR review

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Potential Impacts on GB

Issue	What the framework guideline says	What change does this necessitate?
Revenue Recovery	Under or over-recovery on allowed revenues -> recovered by defined cost allocation methodology at each entry/exit point -> by varying price of annual capacity	No TO entry/exit commodity charges at interconnection points will be allowed. Instead only capacity charges at Bacton and Moffat can be used to recover TO revenues.
Price Paid	The price paid for capacity = reference price (annual capacity product) in year of use plus auction premium	<u>No more fixed</u> prices for entry capacity at interconnection points
Reference Price	Annual capacity prices need to minimise under and over-recovery	Maybe ok for exit, but entry capacity can no longer be pure LMRC
Day-ahead and within-day	Priced equal to or less than annual. Higher prices possible where NRAs decide and where no congestion (price increases capped)	None necessarily, but we need to coordinate with our neighbouring NRAs

Questions to consider

- What do we do at NGG's domestic points?
 - What issues arise in having different charging regimes at domestic/interconnection points?
- How should we implement short term capacity discounts?
What about if our neighbours prefer premiums?
- Thoughts on ending LRMC-only charging at entry points? How does this affect a possible domestic/interconnection point split?