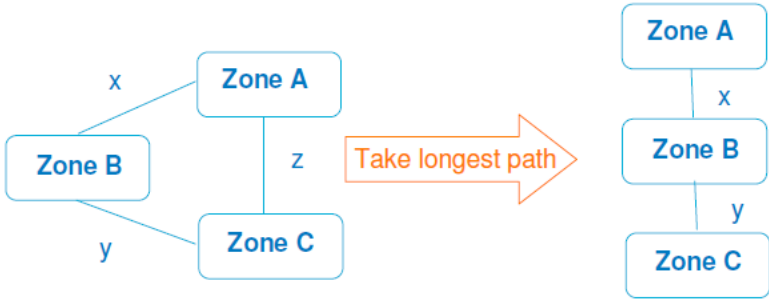
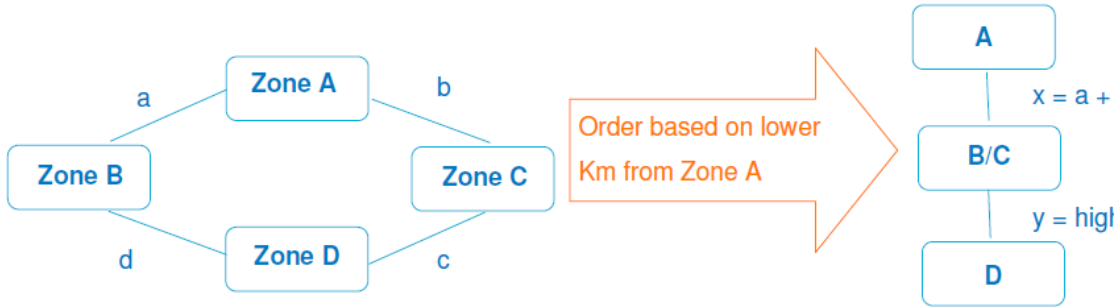


## CMP324/5 Legal Text – WACM1

### RPI

CUSC Ref	Text
14.14.5 vi) & vi)	vi.) The number of generation zones using the criteria outlined in paragraph 14.15.42 <del>has been determined as 21.</del> <u>shall be confirmed by The Company at the start of each price control period</u> vii.) The number of demand zones has been determined as 14, corresponding to the 14 GSP groups.
14.15.3 7	Given the requirement for relatively stable cost messages through the ICRP methodology and administrative simplicity, nodes are assigned to zones. Typically, generation zones will be reviewed at the beginning of each price control period with another review only undertaken in exceptional circumstances. Any rezoning required during a price control period will be undertaken with the intention of minimal disruption to the established zonal boundaries. The full criteria for determining generation zones are outlined in paragraph 14.15.42. <del>The number of generation zones set for 2010/11 is 20.</del>
14.15.4 2	<p>A number of criteria are used to determine the definition of the generation zones. Whilst it is the intention of The Company that zones are fixed for the duration of a price control period, it may become necessary in exceptional circumstances to review the boundaries having been set. In both circumstances, the following criteria are used to determine the zonal boundaries:</p> <p>i. <u>Zoning is determined using the generation background with the most MWkm of circuits. Zones should contain relevant nodes whose total wider marginal costs from the relevant generation background (as determined from the output from the transport model, the relevant expansion constant and the locational security factor, see below) are all within +/-£12.0025/kW (nominal April in 2021/22 March 2021 prices) across the zone. This means a maximum spread of £24.050/kW in nominal April 2021/22 March 2021 prices across the zone, as set in the TNUoS 2021/22 final tariffs.</u></p> <p>ii. <u>At the beginning of each price control period, the +/-£2.25/kW figure listed in (i) will be index linked to Retail Price Index (as defined in Section 11) and used as the basis for determining generation zones to be used for the full duration of the coming price control period.</u></p> <p>iii. <u>The indexation referred to in (ii) above shall be calculated as follows:</u></p> $\pm £2.25 \times \left( 1 + \frac{RPI_2}{RPI_1} \right)$ <p><u>Where</u></p> <p><u>RPI<sub>1</sub> is the average Retail Price Index (RPI) for May–October average during charging year 2020/21, as detailed in 14.15.69 March 2021</u></p> <p><u>RPI<sub>2</sub> is the Retail Price Index (RPI) forecast for May–October average during the charging year March prior to commencement of the price control period.</u></p>

	<p>i-iv. The nodes within zones should be geographically and electrically proximate.</p> <p>ii-v. Relevant nodes are considered to be those with generation connected to them as these are the only ones, which contribute to the calculation of the zonal generation tariff.</p>
14.15.43	<p>The process behind the criteria in 14.15.42 is driven by initially applying the nodal marginal costs from the relevant generation background within the DCLF Transport model onto the appropriate areas of a substation line diagram. Generation nodes are grouped into initial zones using the <del>+/- £1.00/kW range</del> <b>maximum spread derived from 14.15.42(ii)</b>. All nodes within each zone are then checked to ensure the geographically and electrically proximate criteria have been met using the substation line diagram. The established zones are inspected to ensure the least number of zones are used with minimal change from previously established zonal boundaries. The zonal boundaries are finally confirmed using the demand nodal costs from the relevant generation background for guidance.</p>
14.15.50	<p>Connectivity is based on the existence of electrical circuits between TNUoS generation charging zones that are represented in the Transport model. Where such paths exist, generation charging zones will be effectively linked via an incremental km transmission boundary length. These paths will be simplified through in the case of;</p> <p>I. Parallel paths – the longest path will be taken. An illustrative example is shown below with x, y and z representing the incremental km between zones.</p>  <p>II. Parallel zones – parallel zones will be amalgamated with the incremental km immediately beyond the amalgamated zones being the greater of those existing prior to the amalgamation. An illustrative example is shown below with a, b, c, and d representing the <del>the</del> initial incremental km between zones, and x and y representing the final incremental km following zonal amalgamation.</p> 

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