

CUSC Section 15 (CMP192) Wider Cancellation Charge

This document is a forecast of the Wider Cancellation Charges in respect of CUSC section 15 (User Commitment) for years 2013/14 through to 2016/17. It summarises the data that goes into calculating the charge and how the charge is reflective of the Transmission Owners capex forecast.

Background

New arrangements for generation user commitment have been codified as section 15 of the Connection Use of System Code (CUSC) as a result of the CUSC Modification Proposal (CMP) 192. These arrangements will take effect from 1st April 2013.

The new arrangements comprise of a generic **Wider** cancellation charge to cover broad system investment, and a specific **Attributable** liability to cover local generator-driven investment

- **Existing Generation (Wider only)**
The Wider cancellation charge will replace the previous user commitment liability which was equal to Transmission Network Use of System (TNUoS) charges at their contracted capacity.
- **Future Generation Projects (Wider and Attributable)**
The Wider cancellation charge and Attributable liabilities will replace the current interim Final Sums methodology and the Interim Generic User Commitment Methodology (IGUCM).

For full details of the arrangements a guidance document is available at:

http://www.nationalgrid.com/NR/rdonlyres/16CC2A9D-6732-4C49-A78B-6A9557159AAB/53464/CUSC_15_CMP192_guidance_v1.pdf

Wider Cancellation charge: Forecast

The Generic wider liability is a zonal cancellation charge calculated by apportioning each Transmission owners (TO) wider capex into the 17 zones in the seven year statement (SYS).

As part of transition to the new arrangements, National Grid, in conjunction with the other TOs, has created a forecast of the wider cancellation charge for the next four financial years.

| | 13/14 | 14/15 | 15/16 | 16/17 |
|-----|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Wider Zonal Unit Liability (£/MW) | Wider Zonal Unit Liability (£/MW) | Wider Zonal Unit Liability (£/MW) | Wider Zonal Unit Liability (£/MW) |
| Z1 | £42,885.37 | £54,202.44 | £45,651.03 | £37,695.21 |
| Z2 | £29,583.48 | £37,000.19 | £31,347.61 | £26,099.48 |
| Z3 | £27,210.67 | £33,585.93 | £28,668.82 | £24,116.37 |
| Z4 | £21,499.76 | £26,689.93 | £22,708.20 | £19,017.12 |
| Z5 | £11,878.74 | £14,410.68 | £12,422.78 | £10,589.94 |
| Z6 | £10,571.70 | £12,782.40 | £11,040.17 | £9,435.24 |
| Z7 | £7,372.90 | £8,750.20 | £7,639.03 | £6,620.92 |
| Z8 | £3,750.79 | £4,220.80 | £3,801.21 | £3,425.18 |
| Z9 | £2,339.06 | £2,674.84 | £2,386.23 | £2,125.47 |
| Z10 | £1,860.87 | £2,121.61 | £1,896.04 | £1,692.53 |
| Z11 | £2,493.64 | £2,815.88 | £2,530.76 | £2,274.75 |
| Z12 | £1,184.01 | £1,368.33 | £1,213.17 | £1,072.35 |
| Z13 | £1,588.06 | £1,927.76 | £1,661.23 | £1,415.46 |
| Z14 | £1,184.01 | £1,368.33 | £1,213.17 | £1,072.35 |
| Z15 | £488.73 | £519.12 | £483.94 | £453.92 |
| Z16 | £3,850.63 | £4,481.68 | £3,957.11 | £3,479.69 |
| Z17 | £11,960.73 | £13,373.86 | £12,089.99 | £10,943.57 |

Existing Generation - Closure and Capacity reduction

In the event of notification of a reduction in generating capacity or complete plant closure, Existing Generation will be liable for two years Wider Cancellation Charge based on notice given of reduction or closure.

| Years notice | % liability of wider cancellation charge |
|--------------|--|
| 2 | 0% |
| 1 | 75% |
| 0 | 100% |

The new arrangements replace the previous liability which was equal to (TNUoS) charges at their contracted capacity. For comparison, the link below shows the forecast future TNUoS tariffs.

http://www.nationalgrid.com/NR/rdonlyres/E4BFA3A5-8920-441F-8C76-41B3C6F155A7/53213/InitialViewofTNUoS tariffs in 13_14.pdf

Basis of Calculation

The apportionment of wider capex to each SYS zone is based on the following factors.

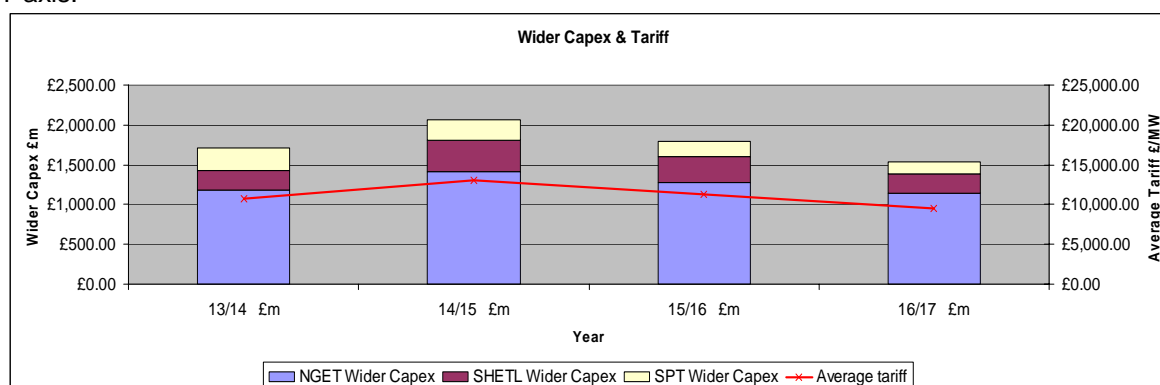
| Input | Source/Fixed Factor | Description |
|---------------------------------|----------------------------|--|
| User Risk Factor | 50% | Share of the wider risk between generation and consumers. |
| Global Asset Reuse Factor | 33% | Percentage of the wider transmission assets which a TO could potentially reuse on another project. |
| Boundary levels | May 11 SYS | Depth of each SYS boundary multiplied by the increase in required capability on that boundary. |
| Boundary non compliance factors | May 11 SYS | Ratio between available capacity and required capability on each boundary. |
| Generation base | May 11 generation register | Current and Future Generation by zone. |
| Wider Capex data | April 2012 RIIO T-1 | Sum of TO's Capex excluding any attributable works cost. |

The May 2011 SYS data is the latest available boundary information, and therefore the generation base for the same period has been used to remain consistent with the boundary compliance information.

Forecast of CAPEX

The wider cancellation charge is calculated using each TOs forecast of both load and non load related wider capex. This calculation is described in full in section 5 of the guidance document.

The chart below demonstrates how the cancellation amount follows the wider capex forecast, with wider capex plotted on the left Y axis, and the average zonal cancellation charge plotted on the right Y axis.



Next Update

In November 2012 the first issue of the Ten Year Statement (TYS) will be published¹. This statement replaces the Seven Year Statement (SYS), and in future will be used for the inputs detailed in the table above. Following publication of the YYS, this forecast of the wider cancellation charge will be updated.

Should you have any questions please contact your Customer Account Manager, our Electricity Customer Team general Number (01926 654634) or on the following email address:

transmissionconnections@nationalgrid.com

¹ <http://www.nationalgrid.com/uk/Electricity/SYS/>