

To all industry parties who pay
or are affected by TNUoS tariffs

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TNUoS Tariff Forecast Timetable for 2021/22 Tariffs

Dear Industry Colleagues,

This letter concerns the timetable for our forecasts of 2021/22 electricity Transmission Network Use of System (TNUoS) tariffs over the coming year.

There are currently many ongoing changes, including Targeted Charging Review (TCR) and RIIO-2 parameter updates. These changes will impact the TNUoS charging methodology and will therefore affect the value and accuracy of our forecasts. We recognise that our customers value our forward views of TNUoS tariffs, therefore, in advance of year 2021/22 forecasts, we requested feedback on our proposed approach for the forthcoming publications. Thank you to all those who took the time to respond, further information on the comments received can be found at end of this letter.

Taking into account the feedback received on our proposal and the current estimates of availability of information¹, we have finalised the timetable for 2021/22 tariff forecasts publications as below.

By end of March 2020	Initial Forecast of 2021/22 TNUoS tariffs
By end of August 2020	Five Year view of 2021/22 to 2025/26 TNUoS tariffs (including the updated forecast of 2021/22 TNUoS tariffs)
By end of November 2020	Draft 2021/22 TNUoS tariffs
31 January 2021	Final 2021/22 TNUoS tariffs

These dates may vary if unforeseen circumstances require but we will still aim to provide at least three forecasts before the Final tariffs are published in January 2021. We have moved the next five-year view to August 2020 but we would expect to return this to its more usual time in March annually at the start of the forecasting cycle, thereafter. All forecasts will be published on the TNUoS tariffs forecast section of our website: www.nationalgrideso.com/tnuos

¹ Please see the estimate information availability provided in our consultation letter which can be found using the following link:
<https://www.nationalgrideso.com/document/161161/download>

We will continue to engage with you on the analysis that we can provide in our forecasts via the Transmission Charging Methodology Forum (TCMF). The next TCMF meeting is on 6th February.

If you have any queries, please contact us on 01926 654633.

Yours faithfully

Rebecca Yang
Revenue Manager

Further information on the comments received following our open letter – “Our TNUoS Tariff Forecast Timetable for 2021/22 Tariffs onwards: Your feedback sought”:

Thank you to all that responded to our consultation; your thoughts and suggestions are much appreciated, as is your understanding of the challenges to be faced in the forthcoming TNUoS Tariff forecasts. A summary of the main themes is given below.

Forecast Timetable:

The majority of responses were supportive of the proposed timeline and the proposal to publish the five-year view in July/August 2020. A number of respondents questioned what would happen in the event of a delay to the information and CUSC modification decisions that we are expecting to be published in June; two respondents requested that we publish the five-year view regardless of any delay, whereas one respondent said it would be better to delay the five-year view until the data is available.

In the event of a delay to available information (e.g. mod decisions) we will still aim to publish the five-year view in August. We hope that this will allow time for the any CUSC modifications to reach a sufficient level of development if decisions, have not yet been made, and for the RIIO-2 draft determination to be published; we would base the forecast on our best view of the new methodology and indicative data in these circumstances.

Forecast Content:

We received a number of suggestions for specific sensitivities to analyse within our forecasts. We will review these suggestions further with respect to the information is available to us and also continue to discuss what we can provide in our forecasts via TCMF.

One respondent requested that we include potential changes for the Access and Forward-Looking Charges Review, which it is anticipated will be implemented in 2023. It is anticipated that Ofgem will publish their decisions in early 2021, this means that we cannot anticipate the impact that this will have on the tariff setting methodology at this stage.

A number of respondents asked whether it would be possible to include the sensitivity of tariffs to changes in parameters in the initial forecast of 2021/22 TNUoS tariffs, to be published in March. We agree that there would be little value in basing our forecast on the current methodology and will continue to monitor the information that is available to us and assess what is feasible for our initial forecast.

One respondent raised a request for analysis beyond five years. At this stage, we feel that it is very challenging to provide any meaningful analysis for beyond five years. Based on other responses received, we believe that we should focus on within five-years analysis first and consider the possibility of longer term forecast in the future.