

Tim Aldridge
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Rebecca Yang
Revenue Manger

rebecca.yangy@nationalgrideso.com
07917174420
www.nationalgrideso.com

9th October 2020

Notification to change Use of System Charges for 2021/22

Dear Tim,

Condition C4 5(a) of National Grid Electricity System Operator (NGESO) Licence requires NGESO to give the Authority 150 days notice of any proposal to change Use of System Charges. This letter gives notice of our intention to change Use of System Charges for the 2021/22 financial year.

We will also update our Statement of Use of System Charges. This includes Application Fees and Charge-Out Rates for applications to connect to and/or use of system.

Transmission Network Use of System Charges

Transmission Network Use of System (TNUoS) tariffs will be amended with effect from 1 April 2021 in accordance with Section 14 of the Connection and Use of System Code (CUSC). Section 14 describes the methodology and principles by which NGESO sets tariffs for TNUoS charges to recover allowed revenue for the electricity Transmission Owners.

The transport model used to calculate TNUoS tariffs will be amended to ensure tariffs reflect:

- Changes in network topography
- Use of the network by demand as advised by Distribution Network Owners and NGESO's own forecasts
- Use of the network by generation as advised by contracted Transmission Entry Capacity and NGESO's own forecasts

The tariff model for TNUoS tariffs will be amended to reflect:

- Latest forecast revenues for onshore Transmission Owners using licence formulae and the Price Control Financial Model Variables determined by the Authority by December 2020.
- Anticipated payments to new and existing Offshore Transmission Owners.
- Payments to Transmission Licensees and Electricity Distribution Licensees under the Network Innovation Competition as directed by the Authority in December.
- Limits on average annual generation charges under Commission Regulation (EU) 838/2010.

Expected TNUoS tariffs for 2021/22

NGESO published an initial view of TNUoS 2020/21 tariffs in March. These have been updated periodically with the latest forecast published on 31 August 2020.

Draft tariffs will be published by the end of November 2020 and final tariffs by 31 January 2021 in line with the CUSC requirements.

Application Fees and Charge-Out Rates

Our Statement of Use of System Charges also details fees and charge-out rates for applications to connect to and/or use of system. NGE SO will update these fees and rates incorporating the latest data from each of the Transmission Owners, and adjust for our own updated staff costs and inflation in January 2020.

If you have any questions on any of the above, please do not hesitate to contact me.

Yours sincerely

Rebecca Yang

Revenue Manager