

Annex 5 – CMP344 – Tariff Analysis

Post Workgroup consultation and post Workgroup Vote, The ESO provided Tariff Analysis which illustrates the potential impact of CMP344 on the demand residual, based on figures from the current price control. The Workgroup noted that this analysis was being prepared, but did not review this analysis in time for publication of this report. This analysis is contained as an Annex to this report (Annex 5).

The workgroup noted that there would be a corresponding benefit to consumers from the reduction in the risk associated with income adjusting events which is currently recovered through local charges. This reduction in risk should be reflected in a lower cost of capital for Offshore projects, and potentially in lower CfD prices. This should result in the removal or uncertainty over cost recovery of Income Adjusting Events, manifesting a cost of capital benefit for Offshore TOs.

The below table illustrates the change in £/kW for HH and EET and change in p/kWh for NHH compared to our base case draft TNUoS forecast which will be published Monday 30 November 2020, if CMP344 were to be implemented. All the changes are accounted for in the demand residual. A total of £430,132.12 has been moved from the offshore local revenue to the demand residual for 2021/22.

Zone	HH (£/kW)	NHH (p/kWh)	EET (£/kW)
1	0.008605	0.001139	0.000000
2	0.008605	0.001091	0.000000
3	0.008606	0.001053	0.000000
4	0.008606	0.001077	0.000000
5	0.008606	0.001046	0.000000
6	0.008605	0.001045	0.000000
7	0.008606	0.001079	0.000000
8	0.008606	0.001097	0.000000
9	0.008606	0.001147	0.000000
10	0.008606	0.000985	0.000000
11	0.008606	0.001167	0.000000
12	0.008606	0.000903	0.000000

13	0.008606	0.001095	0.000000
14	0.008606	0.001174	0.000000