

Final TNUoS Tariffs 2023/24

Webinar

Q&A Summary – 14/02/23

Contributors:	Nick Everitt, Sarah Chleboun, Jo Zhou, Ishtyaq Hussain, Al-Marwah Az-zahra, Amala Thomas
Purpose	To summarise the questions asked as part of the Final TNUoS Tariff for 2023/24 webinar and the answers provided by the presenters.
Date:	14/02/2023

Introduction

A webinar was held on 14th February 2023 to outline the ESO's TNUoS Final tariffs.

The following questions were asked, and answers provided during the webinar Q&A session:

#	Questions	Answers
1	There was c. £400m increase in MAR since previous. Can we have more visibility on what is included in TO-MAR and what has changed since previous forecast?	<p>The breakdown of TO MAR is shown in the tables 29 and 31 of the report which shows the breakdown of individual TOs and what was factored in. This shows where the £400 million increase comes from.</p> <p>SPTL forecast reflects the figures from the AIP. CPIH and increased in base allowed TOTEX for the RIIO-T2 period have driven the increase in revenue to be recovered for SHET. NGET have under recovered (K) by £109m and ADJR (£148m) is largely as a result of increase in inflation and capital costs.</p>
2	You have reissued the tariff documents this morning as “revised.” Cannot see what has changed - can you clarify please?	The TDR tables 10 and the TB table changed. We excluded a transmission connected site which affected the consumption data and the tariffs for the T connected sites. There was a slight change made on one of the generation tables (Table 1) as well.
3	Could TOs be invited to TCMF to explain how the TO MAR is set and forecast, as the large increase in MAR has huge implications on suppliers, very late in year	Absolutely. We can encourage them to join the TCMF and yes, we can see if they can join that going forward to add insight to their inputs.
4	Your demand revenue increased by 14% from Nov to Jan. Can you	The K correction has increased by approximately £400 million and the way that revenue is recovered is calculated in the model. More revenue is recovered

ESO

	explain this. Inflation did not move that much during that time.	from the demand side due to limiting regulations that prevent generation from picking up more. Commission Regulation (EU) No. 838/2010 (which is retained EU law) sets out that the annual average transmission charges paid by producers in Great Britain must fall within €0-2.50/MWh.
5	When will the list of transmission sites and their respective banding be published following CMP389 approval? This data is required ASAP for billing purposes	We are working with our colleagues within the ESO to see when we can publish the transmission banding for each site on the website. We will communicate once we have published the list to all the individual transmission site suppliers and customers.
6	Could a breakdown of the TO MAR's correction terms be made available? expect inflation and demand reduction were big hitters but would be useful to see	The TO MAR breakdown are in Table 29 to 31. This indicates changes made from the initial forecast to the final forecast.
7	What is the reason for the increase in the K-correction?	This is because some of the TO's did not provide us with that information in the draft forecast. So, the K-correction term is for the under recovery of what the TO's term is last year's revenue for 2022. So anything that they under recovered then in 2022 will be put forward towards 2023. There was obviously the K-correction, and then there is also the macroeconomic factors such as the increase in inflation, which has driven up their capital costs for the 2023 forecast.
8	Can you advise what forecast you have used for inflation as this appears to be high from the 2022/23 tariffs (approx. 12%) as CPIH is coming off this year.	The TO STCP document states that the CPIH Updated to reflect latest PCFM published in November 2022.