

2016/17 Wider Cancellation Charge Statement

Version 1

Effective from 1st April 2016

Based Upon:

User Commitment Methodology

contained within

Section 15
of the Connection and Use of System Code

1. Wider Cancellation Charge Tariff Statement

1.1 Introduction

This document is a statement which contains the 2016/17 tariff for the Wider Cancellation Charge payable by users who wish to terminate agreements and/or reduce Transmission Entry Capacity (TEC) or Developer Capacity.

This document also shows the various parameters and variables used to calculate this tariff as well as a forecast for the period through to financial year 2019/20.

1.2 Background

Arrangements for generation user commitment have been codified as Section 15 of the Connection and Use of System Code (CUSC) as a result of the CUSC Modification Proposal (CMP) 192. The arrangements have replaced the interim Final Sums methodology and the Interim Generic User Commitment Methodology (IGUCM) for generators.

This became effective from 1st April 2013.

For full details of the arrangements please refer to CUSC Section 15. A National Grid CMP192 guidance document is also available at:

<http://www2.nationalgrid.com/uk/services/electricity-connections/policies-and-guidance/>

Following the implementation of CMP222 (User Commitment for Non-Generation Users) on 1st April 2015 there is also a requirement for Interconnectors and Pumped Storage to secure under CUSC Section 15.

In addition, CMP223 (Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment) will be implemented on 1st April 2016. CMP223 requires embedded generation to secure a different percentage to directly connected generation under CUSC Section 15, as detailed within section 5 of this statement.

1.3 2016/17 Cancellation Charge Tariff Statement

Zone	Tariff (£/MW)	Zone	Tariff (£/MW)	Zone	Tariff (£/MW)
A1	0.00	H1	1,693.34	N7	0.00
A2	0.00	H2	1,693.34	N8	0.00
A3	4,824.69	H6	1,693.34	P1	0.00
A4	0.00	J1	2,494.78	P2	0.00
A5	0.00	J2	5,451.85	P3	0.00
A6	0.00	J3	5,451.85	P4	3,745.89
A7	4,824.69	J4	0.00	P5	0.00
A8	0.00	J5	5,451.85	P6	3,745.89
A9	4,824.69	J6	0.00	P7	9,286.71
B1	2,654.49	J7	0.00	P8	3,745.89
B2	2,344.34	J8	0.00	Q2	11,938.71
B3	0.00	K1	1,430.26	Q4	0.00
B4	0.00	K2	1,430.26	Q5	0.00
C1	307.23	K4	1,430.26	Q6	11,938.71
C2	307.23	K5	1,430.26	Q7	0.00
C3	307.23	K6	1,430.26	Q8	11,938.71
C4	617.38	L1	0.00	R4	0.00
C5	307.23	L2	0.00	R5	6,191.93
C6	0.00	L3	12,268.12	R6	6,191.93
C7	617.38	L5	12,268.12	S1	15,294.22
C9	617.38	L7	12,268.12	S2	15,294.22
D4	0.00	L8	0.00	S3	15,294.22
D5	0.00	M4	0.00	S4	15,861.73
D6	1,091.40	M5	4,701.36	S5	15,861.73
E1	0.00	M6	7,064.96	S6	15,861.73
E6	0.00	M7	6,514.18	S7	15,861.73
E7	7,841.61	M8	12,899.97	S8	0.00
E8	0.00	N1	2,178.65	S9	15,294.22
F6	8,151.76	N2	2,178.65	T1	26,652.72
G1	0.00	N3	2,178.65	T2	20,207.16
G5	0.00	N4	0.00	T3	17,036.91
G6	0.00	N5	0.00	T4	17,036.91
G7	1,693.34	N6	0.00	T5	29,038.06

Table 1.1 – Wider Cancellation Charge Tariff

Please note that a Wider Cancellation Charge Tariff of £0/MW applies to zones where there is no liable generation.

1.4 Closure and TEC Reduction – Connected Generation

In the event of notification of a reduction in Transmission Entry Capacity (TEC) Connected Generators will be liable for up to two years Wider Cancellation Charge based on notice of reduction or closure. Please note that the tariff is applicable from the date of notice.

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

Table 1.2 – Notice Periods

This liability replaces the previous liability which was equal to Transmission Network Use of System (TNUoS) charges at their contracted capacity.

For comparison, the link below shows the forecast future TNUoS tariffs.

<http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Approval-conditions/Condition-5/>

2. Inputs

The wider cancellation charge is calculated using each Transmission Owner's (TO) forecast of both load related and non load related wider capex. The apportionment of wider capex to each zone is based on the following factors.

Input	Source/Fixed Factor	Description
User Risk Factor	50%	The share of the wider risk between generation and consumers.
Global Asset Reuse Factor	33%	The percentage of the wider transmission assets which a TO could potentially reuse on another project.
Boundary levels	Gone Green 2015 as shown in ETYS 2015	Depth of each ETYS boundary multiplied by the increase in required capability on that boundary.
Boundary non-compliance factors	Gone Green 2015 as shown in ETYS 2015	Ratio between available capacity and required capability on each boundary.
Generation base	TEC and Interconnector Register, ETYS 2015	Current and Future Generation by zone.
Capex data	TO forecasts	TO forecasts of load related and non load related wider capex

Table 2.1 – Calculation Inputs

Please note that for further information on boundary compliance, future reinforcements, which zones impact on each boundary, capabilities and required transfers please refer to Chapter 3 of the Electricity Ten Year Statement (ETYS).

Tariffs were calculated according to the methodology in CUSC Section 15 using zones and boundaries from ETYS which has replaced Seven Year Statement (SYS). There is an increase in the number of zones used which allows keeping these zones if new boundaries are introduced in the future.

Network boundaries and zones are shown in ETYS Appendices A1.2 and A1.4 respectively. Mapping of ETYS zones to boundaries is shown in ETYS Appendix F.2.

You can find the latest Electricity Ten Year Statement by following this link:

<http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/Electricity-Ten-Year-Statement/>

3. Calculation Variables 2016/17

This section shows details of the capital expenditure (capex) figures and boundary data that feed into the calculation of the wider cancellation charge tariff.

3.1 Capex

Table 3.1 shows the combined load related and non load related wider capex figures for the three current onshore TO's, namely National Grid Electricity Transmission (NGET), Scottish Hydro Electric Transmission (SHE Transmission) and Scottish Power Transmission (SPT), for the 2016/17 period;

	£m
Wider Load Related Capex	937
Wider Non Load Related Capex	877

Table 3.1 – Capex Figures

3.2 Boundary Data

Table 3.2 shows by zone the boundary capabilities, required increase in capabilities and compliance factors used to calculate the 2016/17 tariff:

Boundary	Current Capability (MW)	Increase in Required Capability (MW)	Compliance Factor
B0	245	194	55%
B1	1,900	1171	100%
B2	2,200	1143	100%
B4	2,900	1143	100%
B5	3,600	1113	100%
B6	3,500	1849	96%
B7	4,600	2119	100%
B7a	6,000	2390	100%
B8	11,400	2660	100%
B9	13,100	1824	100%
B10	6,390	0	100%
B11	8,600	1316	100%
B12	6,600	326	100%
B13	2,700	0	100%
B14	11,800	418	100%
B15	8,500	427	100%
B16	14,200	0	100%
B17	7,900	677	100%
SC1	6,000	0	100%
EC1	5,700	1412	100%
EC3	3,600	0	100%
EC5	3,500	1149	100%
SW1	4,100	0	100%
NW1	1,800	0	100%
NW2	1,400	268	70%
NW3	5,400	291	100%
NW4	5,900	353	100%

Table 3.2 – Boundary Data

4 Forecasts

4.1 Capex

Table 4.1 shows the forecast load related and non load related capex figures for the three financial years beyond 2016/17 shown section 2 of this document:

	17/18 £m	18/19 £m	19/20 £m
Wider Load Related Capex	657	852	860
Wider Non Load Related Capex	1206	1179	250

Table 4.1 – Forecast Capex

4.2 Tariffs

Tables 4.2-4.4 show the forecast of the wider cancellation charge tariff for the three financial years beyond the published statement shown in section 1.3 of this document:

2017/18 Forecast Tariffs

Zone	Tariff (£/MW)	Zone	Tariff (£/MW)	Zone	Tariff (£/MW)
A1	0.00	H1	1,558.37	N7	0.00
A2	0.00	H2	1,558.37	N8	0.00
A3	6,137.59	H6	1,558.37	P1	0.00
A4	0.00	J1	2,340.11	P2	0.00
A5	0.00	J2	2,645.15	P3	0.00
A6	0.00	J3	2,645.15	P4	3,491.57
A7	6,137.59	J4	0.00	P5	3,491.57
A8	0.00	J5	2,645.15	P6	3,491.57
A9	6,137.59	J6	0.00	P7	6,367.03
B1	3,128.81	J7	0.00	P8	3,491.57
B2	2,702.31	J8	0.00	Q2	11,068.96
B3	0.00	K1	1,495.73	Q4	0.00
B4	0.00	K2	1,495.73	Q5	0.00
C1	355.24	K4	1,495.73	Q6	11,068.96
C2	355.24	K5	1,495.73	Q7	0.00
C3	355.24	K6	1,495.73	Q8	11,068.96
C4	781.75	L1	0.00	R4	0.00
C5	355.24	L2	0.00	R5	5,791.32
C6	0.00	L3	11,780.05	R6	5,791.32
C7	781.75	L5	11,780.05	S1	13,135.59
C9	781.75	L7	11,780.05	S2	13,135.59
D4	0.00	L8	0.00	S3	13,135.59
D5	0.00	M4	0.00	S4	13,553.35
D6	1,094.59	M5	4,494.93	S5	13,553.35
E1	0.00	M6	6,193.31	S6	13,553.35
E6	0.00	M7	5,944.91	S7	13,553.35
E7	9,384.10	M8	14,217.28	S8	0.00
E8	0.00	N1	2,052.31	S9	13,135.59
F6	9,810.60	N2	2,052.31	T1	19,646.74
G1	0.00	N3	2,052.31	T2	16,396.66
G5	0.00	N4	0.00	T3	14,386.35
G6	0.00	N5	0.00	T4	14,386.35
G7	1,558.37	N6	0.00	T5	20,071.92

Table 4.2 – 2017/18 Forecast Tariffs

2018/19 Forecast Tariffs

Zone	Tariff (£/MW)	Zone	Tariff (£/MW)	Zone	Tariff (£/MW)
A1	0.00	H1	1,632.21	N7	0.00
A2	0.00	H2	1,632.21	N8	0.00
A3	6,167.90	H6	1,632.21	P1	0.00
A4	0.00	J1	2,287.72	P2	0.00
A5	0.00	J2	1,694.25	P3	0.00
A6	0.00	J3	1,694.25	P4	3,994.08
A7	6,167.90	J4	0.00	P5	3,994.08
A8	0.00	J5	1,694.25	P6	3,994.08
A9	6,167.90	J6	0.00	P7	6,406.96
B1	3,292.08	J7	0.00	P8	3,994.08
B2	2,875.13	J8	0.00	Q2	10,191.84
B3	0.00	K1	1,491.13	Q4	0.00
B4	0.00	K2	1,491.13	Q5	0.00
C1	295.33	K4	1,491.13	Q6	10,191.84
C2	295.33	K5	1,491.13	Q7	0.00
C3	295.33	K6	1,491.13	Q8	10,191.84
C4	712.29	L1	0.00	R4	0.00
C5	295.33	L2	0.00	R5	5,022.90
C6	0.00	L3	12,681.17	R6	5,022.90
C7	712.29	L5	12,681.17	S1	11,721.95
C9	712.29	L7	12,681.17	S2	11,721.95
D4	0.00	L8	0.00	S3	11,721.95
D5	0.00	M4	0.00	S4	12,181.48
D6	1,178.82	M5	4,511.65	S5	12,181.48
E1	0.00	M6	6,158.47	S6	12,181.48
E6	0.00	M7	5,919.04	S7	12,181.48
E7	9,407.33	M8	14,002.80	S8	0.00
E8	0.00	N1	2,155.74	S9	11,721.95
F6	9,824.28	N2	2,155.74	T1	16,824.99
G1	0.00	N3	2,155.74	T2	14,584.87
G5	0.00	N4	0.00	T3	12,965.95
G6	0.00	N5	0.00	T4	12,965.95
G7	1,632.21	N6	0.00	T5	17,354.11

Table 4.3 – 2018/19 Forecast Tariffs

2019/20 Forecast Tariffs

Zone	Tariff (£/MW)	Zone	Tariff (£/MW)	Zone	Tariff (£/MW)
A1	0.00	H1	848.13	N7	0.00
A2	0.00	H2	848.13	N8	0.00
A3	1,352.31	H6	848.13	P1	0.00
A4	0.00	J1	698.92	P2	0.00
A5	0.00	J2	792.67	P3	0.00
A6	0.00	J3	792.67	P4	1,742.73
A7	1,352.31	J4	0.00	P5	1,742.73
A8	0.00	J5	792.67	P6	1,742.73
A9	1,352.31	J6	0.00	P7	2,582.40
B1	874.53	J7	0.00	P8	1,742.73
B2	785.96	J8	0.00	Q2	5,999.38
B3	0.00	K1	345.33	Q4	0.00
B4	0.00	K2	345.33	Q5	0.00
C1	62.62	K4	345.33	Q6	5,999.38
C2	62.62	K5	345.33	Q7	0.00
C3	62.62	K6	345.33	Q8	5,999.38
C4	151.19	L1	0.00	R4	0.00
C5	62.62	L2	0.00	R5	2,591.62
C6	0.00	L3	3,896.68	R6	2,591.62
C7	151.19	L5	3,896.68	S1	7,310.07
C9	151.19	L7	3,896.68	S2	7,310.07
D4	0.00	L8	0.00	S3	7,310.07
D5	0.00	M4	0.00	S4	7,646.02
D6	467.76	M5	1,454.51	S5	7,646.02
E1	0.00	M6	2,186.42	S6	7,646.02
E6	0.00	M7	1,984.80	S7	7,646.02
E7	1,648.45	M8	3,849.76	S8	0.00
E8	0.00	N1	680.07	S9	7,310.07
F6	1,737.02	N2	680.07	T1	10,453.65
G1	0.00	N3	680.07	T2	9,341.77
G5	0.00	N4	0.00	T3	8,215.02
G6	0.00	N5	0.00	T4	8,215.02
G7	848.13	N6	0.00	T5	11,000.26

Table 4.4 – 2019/20 Forecast Tariffs

Please note that the forecast figures shown in tables 4.2-4.4 are calculated using the current capability and transfer data and the forecast capex figures from the three onshore TO's. **These figures are indicative** and therefore subject to change, including as capex forecasts are updated by the transmission companies on an annual basis.

5 Cancellation Charge Secured Amount

Prior to the trigger date defined within construction agreements, the cancellation charge secured amount will be the same as the cancellation charge as set out in the cancellation charge statement for the relevant security period, i.e. 100%

On or after the trigger date, the cancellation charge secured amount will be the percentage of the cancellation charge set out below.

Directly Connected (Bilateral Connection Agreement)

- Prior to (and including) the key consents in place date 42%
- From the key consents in place date 10%

Embedded Connection (BELLA, Bilateral Embedded Generation Agreement, and Statement of Works)*

- Prior to (and including) the key consents in place date 45%
- From the key consents in place date 26%

**From 1st April 2016 CMP223 will be implemented. This requires all embedded generation to secure a different security percentage both pre and post consent. For more information please see the following:*

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP223/>

These percentages will be reviewed at the start and mid-point of the price control period, and only changed beyond this in exceptional circumstances to aid stability and certainty.

Contact

Should you have any questions please contact your Commercial Contracts Manager or e-mail transmissionconnections@nationalgrid.com