7th January 2013

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2013/14 Wider Cancellation Charge Statement

Version 2

Effective from 1st April 2013

Based Upon:

User Commitment Methodology

contained within

Section 15
of the Connection and Use of System Code

7th January 2013

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Please note that this is a re-issued version of the original Wider Cancellation Charge Tariff published on 17th December 2012 for the reasons detailed below:

Differences from Version 1

The key differences between this current statement and the previously published version are that the following two errors have now been corrected:

- *the forecast capex used in the previous version included the attributable element which has now been removed thus decreasing the overall capex used in the calculation.*
- *the calculation should use the required capability per boundary over the forthcoming four year period. The first version of this statement erroneously used the required transfers per boundary.*

These changes result in a decrease in the wider cancellation charges forecast in September 2012.

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1. Wider Cancellation Charge Tariff Statement

1.1 Introduction

This document is a statement which contains the 2013/14 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 2016/17.

1.2 Background

New arrangements for generation user commitment have been codified as section 15 of the Connection Use of System Code (CUSC) as a result of the CUSC Modification Proposal (CMP) 192. The new arrangements will replace the interim Final Sums methodology and the Interim Generic User Commitment Methodology (IGUCM) for generators, and will take effect from 1 April 2013.

The new arrangements comprise of a generic liability to cover broad system investment (Wider), and a specific liability to cover local generator-driven investment (Attributable).

For full details of the arrangements please refer to the Connection and Use of System Code section 15.

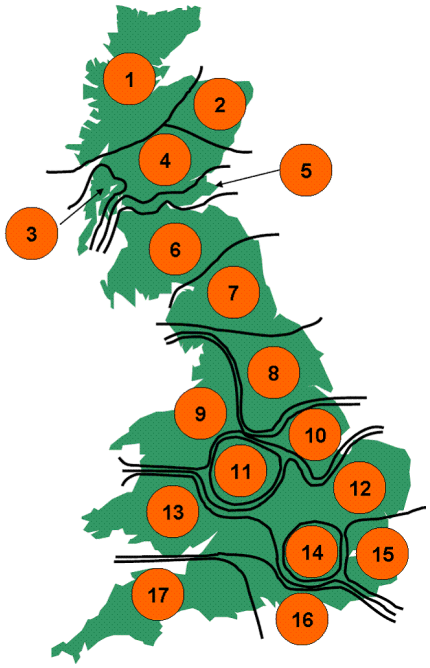
A National Grid guidance document is also available at:

http://www.nationalgrid.com/NR/rdonlyres/16CC2A9D-6732-4C49-A78B-6A9557159AAB/53464/CUSC_15_CMP192_guidance_v1.pdf

1.3 2013/14 Cancellation Charge Tariff Statement

Zone	Tariff (£/MW)
Z1	29,221.20
Z2	21,624.46
Z3	18,200.85
Z4	16,358.15
Z5	10,305.45
Z6	9,885.35
Z7	6,722.85
Z8	3,216.11
Z9	1,455.89
Z10	1,196.99
Z11	1,857.54
Z12	959.31
Z13	654.03
Z14	959.31
Z15	342.67
Z16	1,973.64
Z17	6,553.22

Table 1.1 – Charge Tariff



1.4 Closure and Capacity reduction – Connected Generation

In the event of notification of a reduction in generating capacity or complete plant closure, 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://www.nationalgrid.com/NR/rdonlyres/E4BFA3A5-8920-441F-8C76-41B3C6F155A7/53213/InitialViewofTNUoSTariffsin13_14.pdf

2.1 Inputs

The wider cancellation charge is calculated using each TOs 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 2012 as shown in ETYS 2012	Depth of each SYS boundary multiplied by the increase in required capability on that boundary.
Boundary non compliance factors	Gone Green 2012 as shown in ETYS 2012	Ratio between available capacity and required capability on each boundary.
Generation base	Contracted Background as shown in ETYS 2012	Current and Future Generation by zone.
Capex data	April 2012 RIIO T-1	Sum of TO's Capex excluding any attributable works cost.

Table 2.1 – Calculation Inputs

** In a change to the forecast figures which were made available in September 2012 the boundary non compliance factor is now calculated using capabilities from a scenario based background (Gone Green 2012), to ensure that these calculations are made on a consistent basis with information already published and available in National Grid's Electricity Ten Year Statement (ETYS). This change to move to a more scenario based approach towards our analysis and to produce the first ETYS was consulted on with the industry and should give a more realistic view of the future.*

The previously published forecast figures used the contracted background capabilities. The scenario based increases in capabilities over the 4 year period to 2016 are generally lower than in the contracted dataset which has driven a decrease in overall wider liabilities.

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) which can be accessed by following the link below:

http://www.nationalgrid.com/uk/Electricity/ten-year-statement/current-elec-tys/

3. Calculation Variables 2013/14

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 load related (LR) and non load related (NLR) capex figures for each of the three current onshore TOs, namely National Grid Electricity Transmission (NGET), Scottish Hydro Electric Transmission (SHE Transmission) and Scottish Power Transmission (SPT), for the 2013/14 period;

	£m
NGET LR Capex	1,056
NGET NLR Capex	569
NGET Attributable	-442
NGET Wider Capex	**1,184**
SHE Transmission LR Capex	682
SHE Transmission NLR Capex	21
SHE Transmission Attributable	-455
SHE Transmission Capex	**248**
SPT LR Capex	287
SPT NLR Capex	66
SPT Attributable	-68
SPT Wider Capex	**285**
Total	**1,718**

Table 3.1 – Capex Figures

** The table above shows a forecast of capex figures for the three current onshore TOs for the 2013/14 period less any attributable capex costs which relate to local rather than wider works.*

2.2 Boundary Data

Table 3.2 shows by zone the boundary capabilities, required increase in capabilities and compliance factors used to calculate the 2013/14 tariff:

Boundary	Boundary Capability (MW)	Required Capability Increase (MW)	Compliance Factor
B1	530	1,470	50%
B2	1,600	1,050	94%
B3	350	35	83%
B4	1,750	1,250	83%
B5	3,473	172	100%
B6	3,300	1,000	81%
B7	2,200	1,400	82%
B8	11,300	-	100%
B9	12,600	-	100%
B10	5,800	-	100%
B11	9,400	700	100%
B12	5,800	-	100%
B13	1,800	-	100%
B14	9,600	400	100%
B15	6,400	-	100%
B16	15,200	-	100%
B17	6,343	-	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 2013/14 shown section 2.1 of this document:

	14/15 £m	15/16 £m	16/17 £m
NGET LR Capex	1,360	1,339	1,356
NGET NLR Capex	593	553	507
NGET Attributable	-544	-619	-721
NGET Wider Capex	**1,408**	**1,272**	**1,143**
SHE Transmission LR Capex	777	646	473
SHE Transmission NLR Capex	19	22	26
SHETL Attributable	-397	-336	-256
SHE Transmission Capex	**399**	**333**	**242**
SPT LR Capex	315	231	133
SPT NLR Capex	67	68	81
SPT Attributable	-127	-116	-64
SPT Wider Capex	**256**	**183**	**150**
Total	**2,065**	**1,789**	**1,536**

Table 4.1 – Forecast Capex

4.2 Tariffs

Table 4.2 shows 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:

Zone	14/15 Tariff (£/MW)	15/16 Tariff (£/MW)	16/17 Tariff (£/MW)
Z1	36,819.93	31,064.23	25,712.50
Z2	26,951.62	22,879.29	19,101.03
Z3	22,412.74	19,156.87	16,144.05
Z4	20,215.53	17,243.87	14,491.84
Z5	12,461.60	10,762.54	9,197.33
Z6	11,980.50	10,333.71	8,815.76
Z7	8,015.18	6,978.95	6,028.16
Z8	3,532.37	3,227.39	2,958.33
Z9	1,505.90	1,426.69	1,362.20
Z10	1,238.11	1,172.98	1,119.96
Z11	1,921.34	1,820.27	1,738.00
Z12	1,087.90	975.29	873.96
Z13	676.50	640.91	611.94
Z14	1,087.90	975.29	873.96
Z15	354.44	335.80	320.62
Z16	2,041.43	1,934.05	1,846.62
Z17	6,778.32	6,421.76	6,131.49

Table 4.2 – Forecast Tariffs

Please note that the forecast figures shown in table 4.2 are calculated using the current capability and transfer data and the forecast capex figures from the three onshore TOs. ***These figures are indicative*** *and therefore subject to change 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.

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

These percentages will be reviewed at the start and mid-point of the Transmission 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 Customer Account Manager, our Electricity Customer Team general Number (01926 654634) or on the following email address: transmissionconnections@nationalgrid.com