

Transmission Network Use of System Charging Model Assumptions Update

Transmission Network Use of System Charging (TNUoS)

TNUoS Model Key Assumptions Update

Following on from our January 2021 paper that describes our innovative TNUoS model, ITP Energised is in the process of updating the key assumptions of our market leading TNUoS future estimates model with source data from National Grid ESO. This update is targeted at funds, utilities, developers, policy makers and network companies who would like to get a brief understanding of some of these changes. The key assumption changes for our model update this year includes:

1. Regulatory Environment

- Transmission Generation Residual (TGR). The Ofgem decision on CMP317/327 Removing Generator Residual and excluding assets required for connection has now been implemented. The implication is that this may increase TNUoS charging in future years.

2. COVID-19

- The impact of lockdowns and restrictions has introduced more uncertainty in the demand forecast. The implication is that the accuracy band of TNUoS charging in the near term will have a larger tolerance band than normal.

3. Transmission Operator (TO)

- There is an increase in the net onshore TO revenue forecast of over £350m in line with RIIO-2 business plans. The implication is that this may increase TNUoS charging in the future. On a more granular level, generation revenue decreases due to a 5GW decrease in the generation base resulting in an increase in the generation tariff as revenues are spread over a smaller footprint. Demand revenue increases; driven by the total revenue increase, causing both an increase in half hourly (HH) and non half hourly (NHH) tariffs.

4. RIIO-2 resets

- A number of key charging parameters to be re-set for RIIO2:
 - CMP324/325 Generation re-zoning – Ofgem decision (rejection) confirmed
 - CMP353 expansion constant/factors – Ofgem decision confirmed and further work undertaken
 - Locational security factor – Ofgem decision confirmed

We will publish a paper at a future date after we have completed our TNUoS model updates that will aim to describe some of the general trends we are seeing in future TNUoS charging estimates. Please contact us with enquiries on this popular and growing service.

