

Postage Stamp TUoS Methodologies

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Introduction

- Two variants of postage stamp methodology
 - Postage Stamp methodology (7.3.1)
 - Postage Stamp with Incentive Discount (7.3.2)

Outline

- Description
- Main Features
- Calculation of Charge
- Objectives

Postage Stamp (Ref 7.3.1)

Description

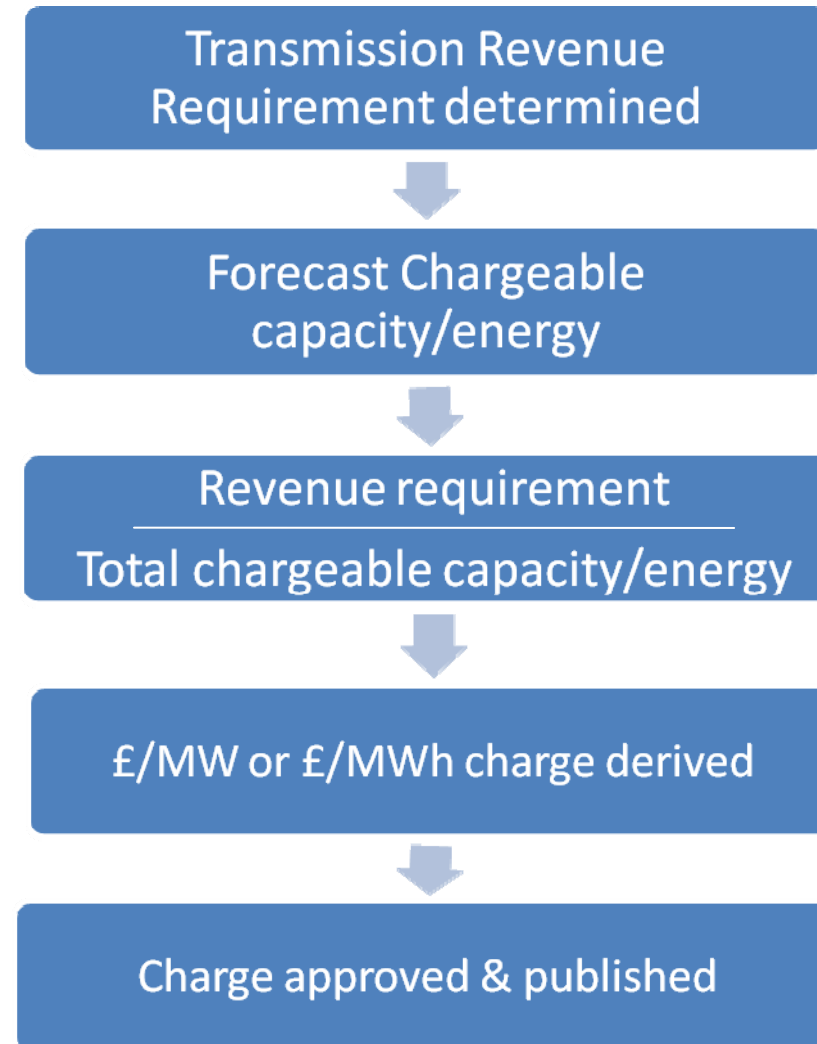
Postage Stamp

A uniform rate is calculated and applied to all eligible units. The charge takes no account of the location of a unit.

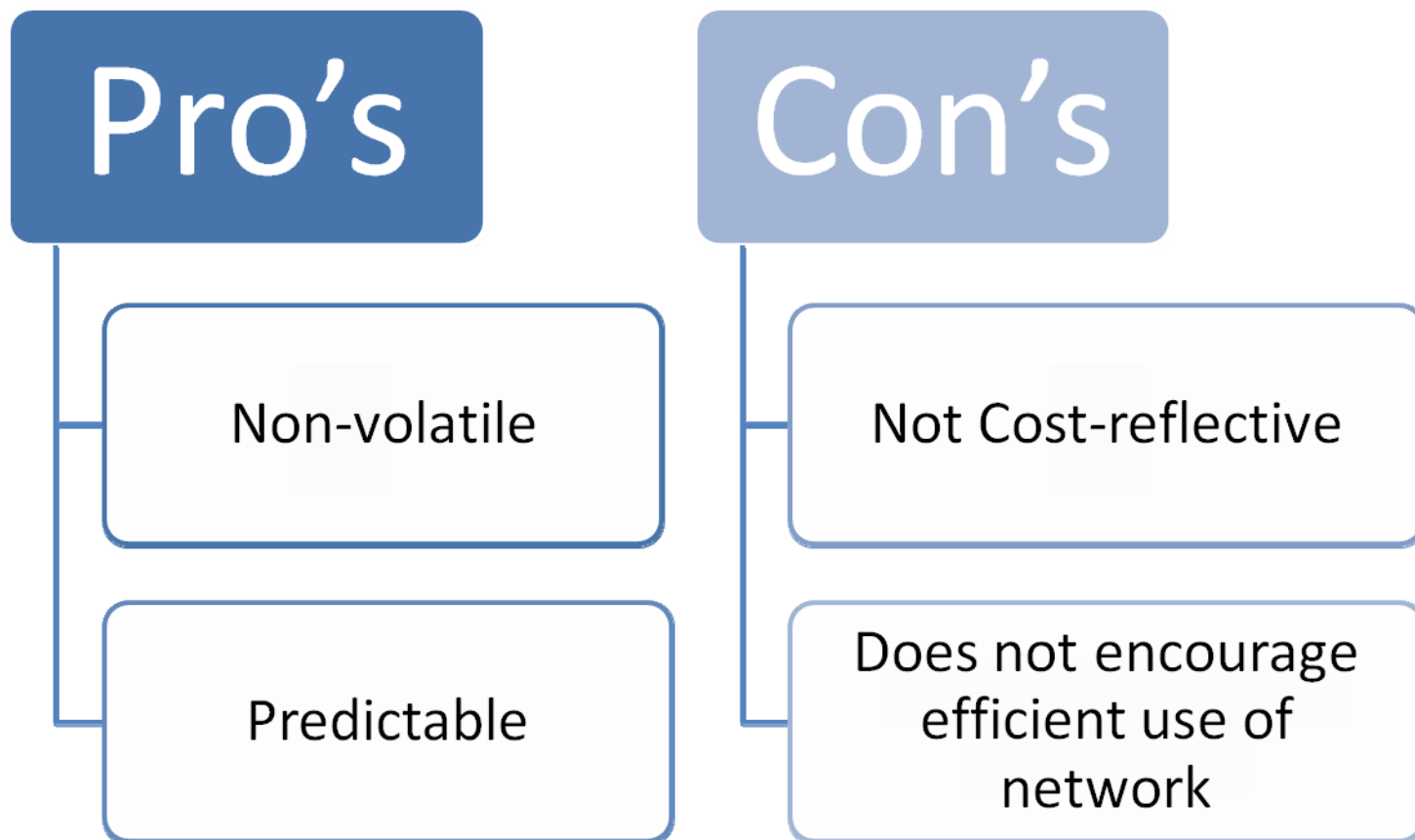
Features

- Can apply to Generator & Suppliers tariffs
- Uniform rate(s)
- Rate based on Energy or Capacity or both
- Facilitate any revenue split (75/25)
- All units within same category treated equally

Calculate Charge



Postage Stamp methodology (7.3.1)



Postage Stamp with Incentive Discount (Ref 7.3.2)

Description

Postage Stamp with Incentive Discount

A uniform tariff is calculated. If a new unit connects in a location that has been deemed favourable by the SO's it will receive a long-term discount on uniform TUoS charges.

Features

- Aims to encourage efficient use of network
- Can apply to Generator & Suppliers tariffs
- Rate based on Energy or Capacity or both
- Facilitate any revenue split (75/25)
- Revenue short-fall recovered from other units

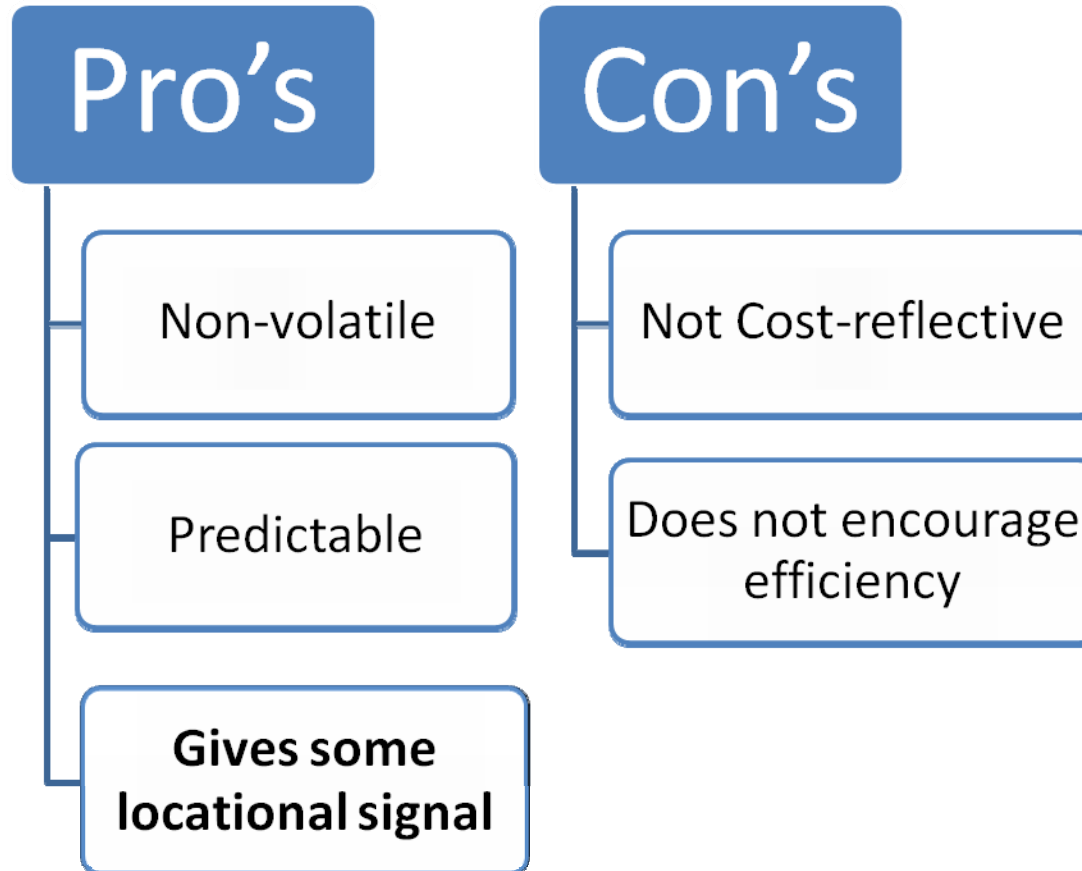
Steps

- 1) SO's conduct impact studies
- 2) SO's publish details of favourable locations
- 3) Uniform rate calculated as in 7.3.1 above
- 4) Discount calculated depending on the benefits that additional generation/demand would bring

Steps (2)

- 5) Discount offered to new units located in favourable locations
- 6) Discount will apply for a set number of years
- 7) Other tariffs scaled to ensure revenue adequacy

Postage Stamp Incentive methodology (7.3.2)



Summary

- Two alternative postage stamp methodologies
- Both based on Uniform Charge(s)
- Meet a number of objectives
- Fail to meet some primary objectives
- Simple postage stamp not consistent with SEM HLD & shallow connection policy

OPEN SESSION QUESTIONS?