

# NON COMMODITY UPDATE

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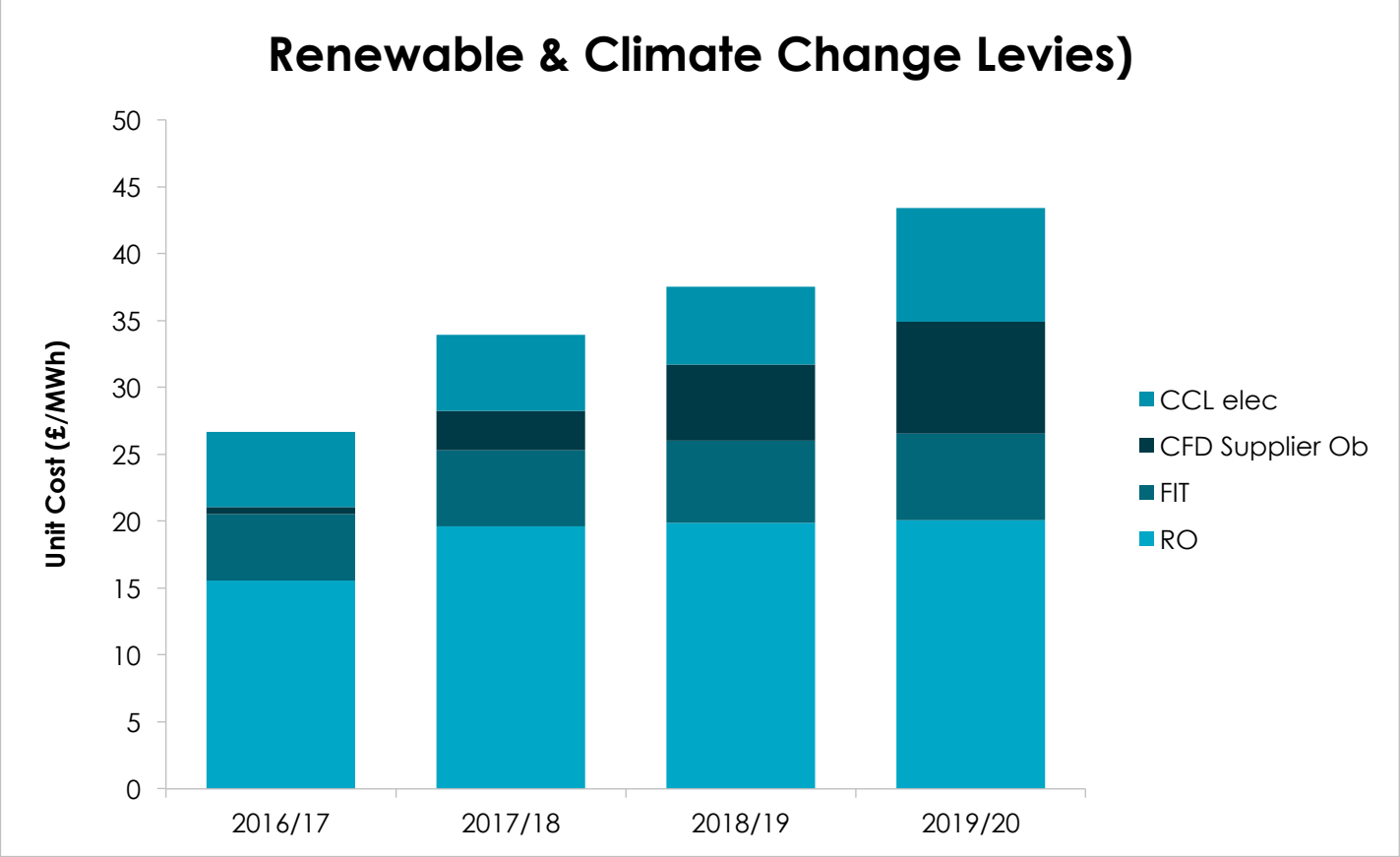
# NON-COMMODITY CHARGES

- Renewable Obligation (RO) Levy
- Feed in Tariff (FIT) Levy
- Contract for Difference Levy (CfD) Levy
- Climate Change Levy (CCL)
- Carbon Reduction Commitment (CRC)
- Assistance for Areas with high electricity distribution Costs (AAHEDC)
- Line Loss Factors (LLF)
- Balancing & Settlement Use of System (BSUoS)
- Distribution Use of System (DUoS)
- Transmission Network Use of System (TNUoS)
- Capacity Market (CM)

**Fixed Cost per kWh**

**Cost depends on time and season**

# RENEWABLE & CLIMATE CHANGE LEVIES



# PEAK CHARGES

# DISTRIBUTION USE OF SYSTEM (DUOS)



After several years of discussion, with no agreement between stakeholders, Ofgem ruled in late 2016 that a proposal (DCP228) to change the methodology of calculating Red/Amber/Green bands for DUoS charges would be implemented from April 2018.



This applies to all consumers connected at voltages below 22kV (i.e. covered by the Common Distribution Charging Methodology)



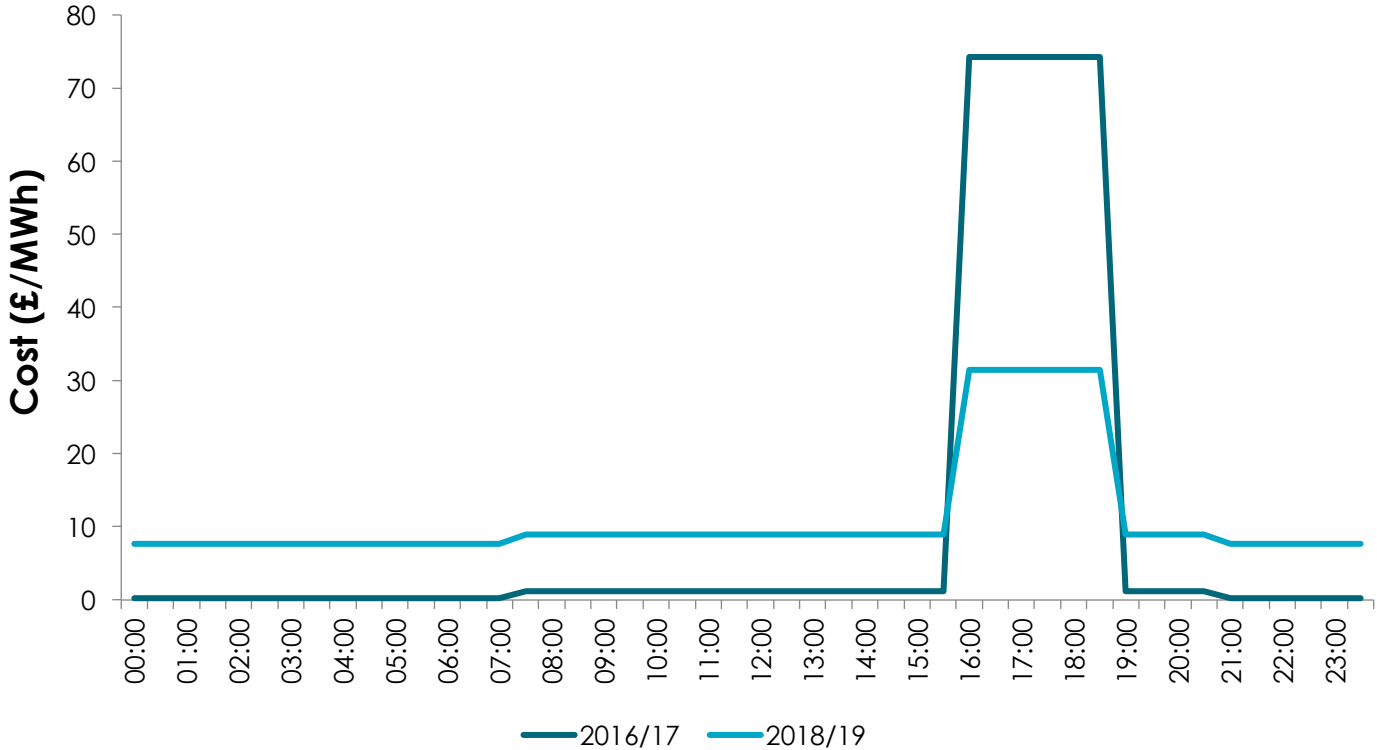
From 2018, red band costs will be reduced, but amber and green rates will increase.



Benefits for export from embedded generators are not affected significantly

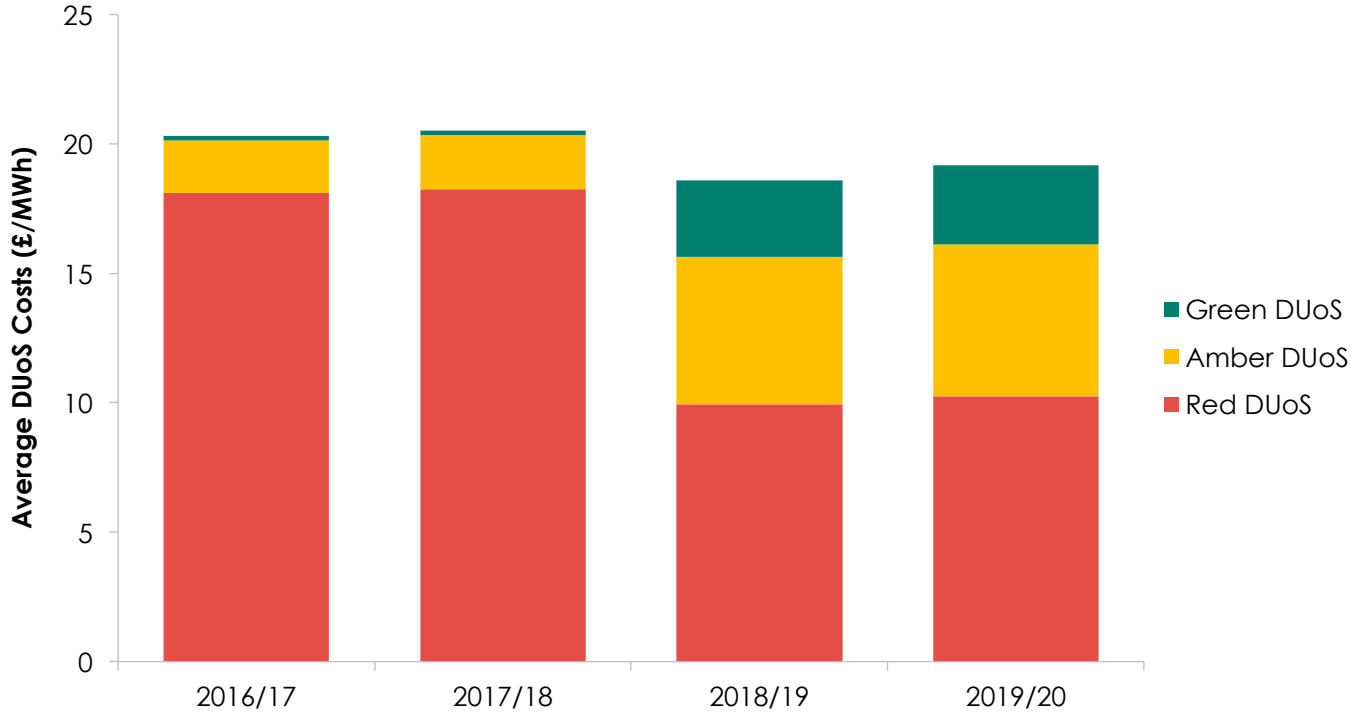
# DISTRIBUTION USE OF SYSTEM (DUOS)

## Weekday DUoS Charges - East Midlands (HV HH)



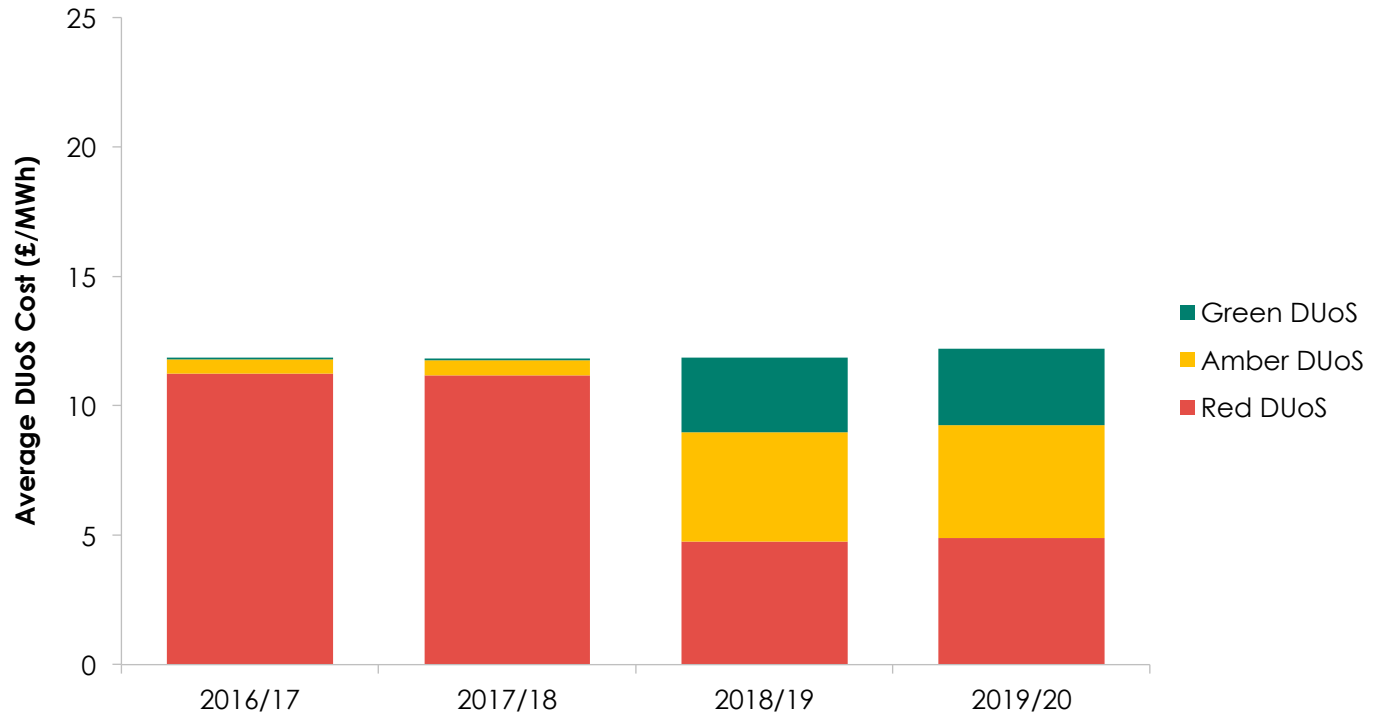
# DISTRIBUTION USE OF SYSTEM (DUOS)

### Forecast DUoS for Typical Retail Outlet in East Midlands (LV HH Meter)



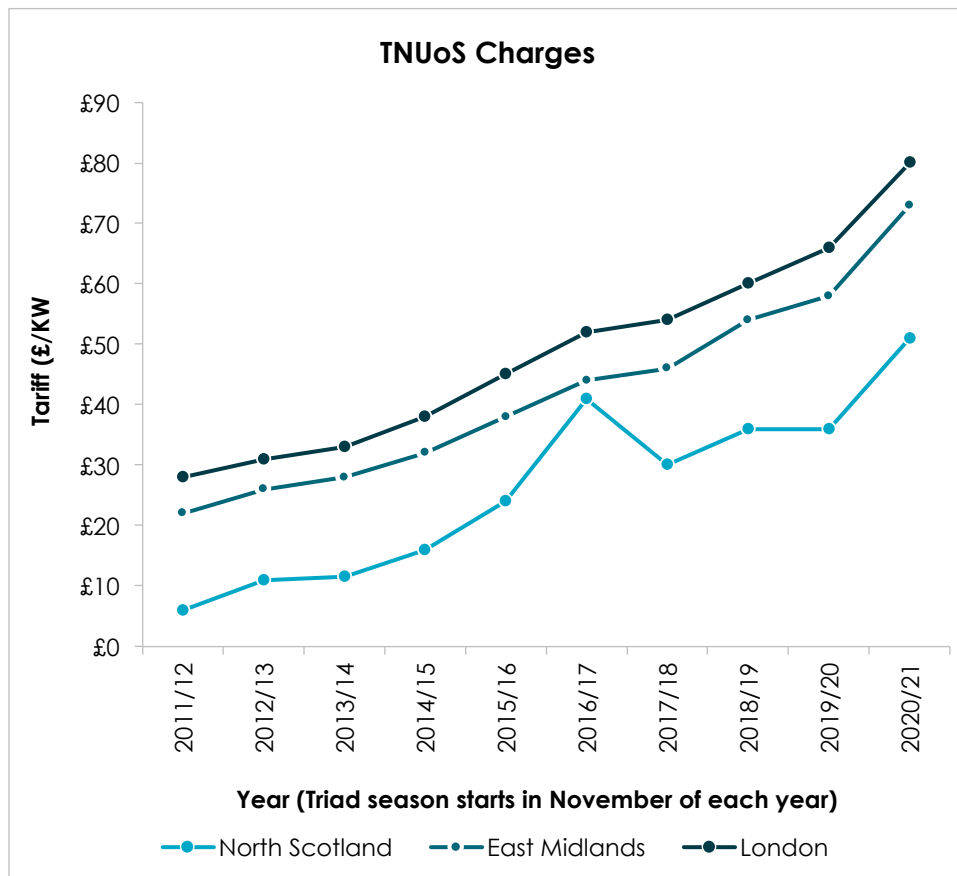
# DISTRIBUTION USE OF SYSTEM (DUOS)

**Forecast DUoS Costs for Typical Retail Outlet in E. Midlands (HV HH Meter)**





# TRANSMISSION COSTS (TNUoS)



## 2011/12

Triad Costs for a 1MW Consumer in 2011/12 ranged from; **£6,540** in North Scotland to; **£27,940** in London

## 2020/21

In 2020/21 costs are expected to rise to; **£51,320** in North Scotland and; **£79,940** in London

That's an increase of 685% in N. Scotland And 186% in London.

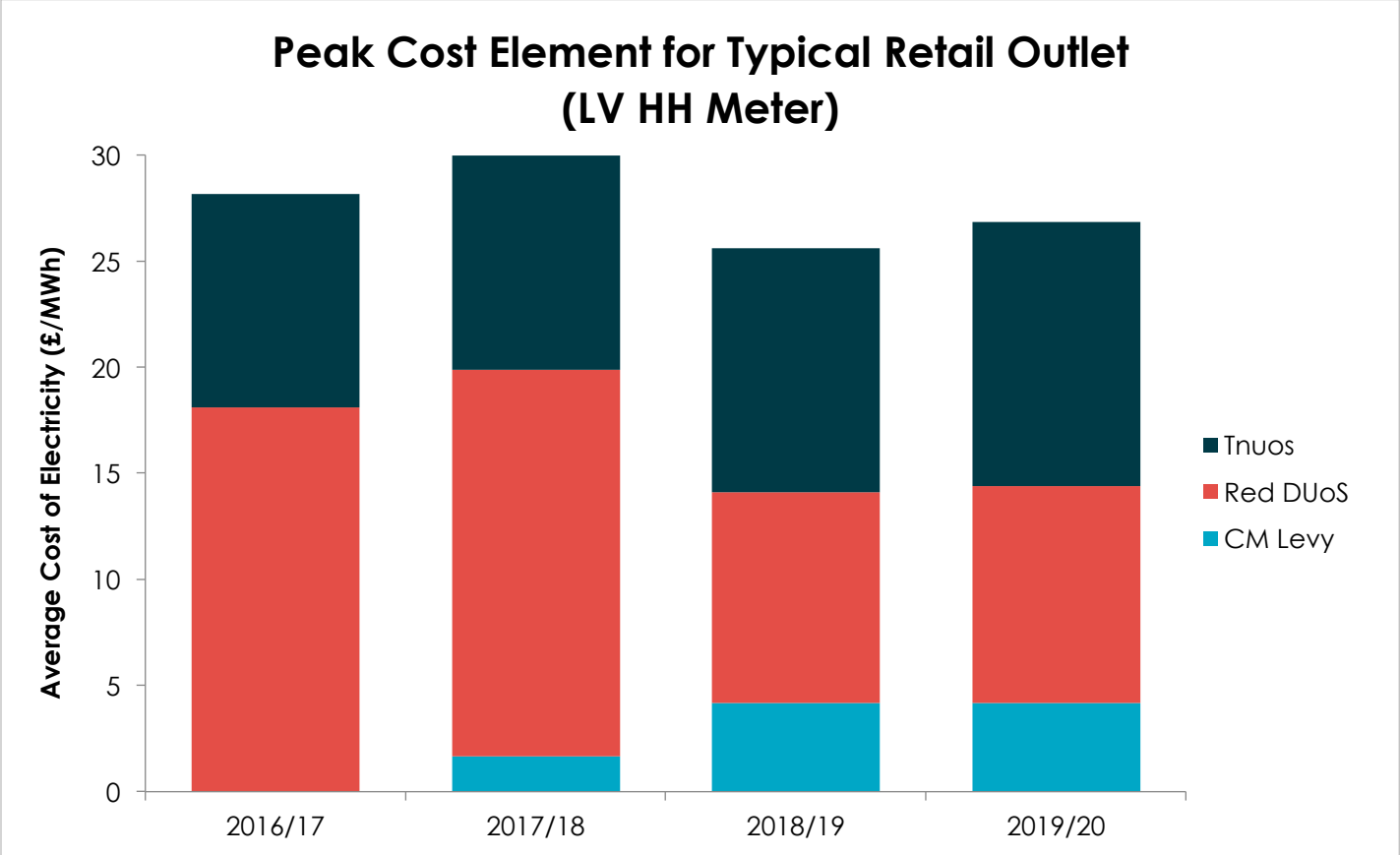
# CAPACITY MARKET

The capacity market is a payment for generators to be available for dispatch during winter peaks. The costs are recovered by a charge to consumers, starting in winter 2017 – For half-hourly metered sites this charge will apply to all consumption on weekdays from 4pm to 7pm between November and February.

## RESULTS OF CAPACITY MARKET AUCTIONS

- Early Auction (capacity for winter 2017/18): £6.95 for 54,433MW (£378m)
- T-4 2014 (capacity for winter 2018/19): £19.40 for 49,259MW (£966m)
- T-4 2015 (capacity for winter 2019/20): £18.00 for 46,354MW (£834m)
- T-4 2016 (capacity for winter 2020/21): £22.50 for 52,425MW (£1,180m)
- DSR TA 2016 (capacity for winter 2016/17): £27.50 for 802.7MW (£22m)
- DSR TA 2017 (capacity for winter 2017/18): Auction in March 2017

# IMPACT OF PEAK CHARGES



# IMPACT OF PEAK CHARGES

## WHAT DOES THIS MEAN?

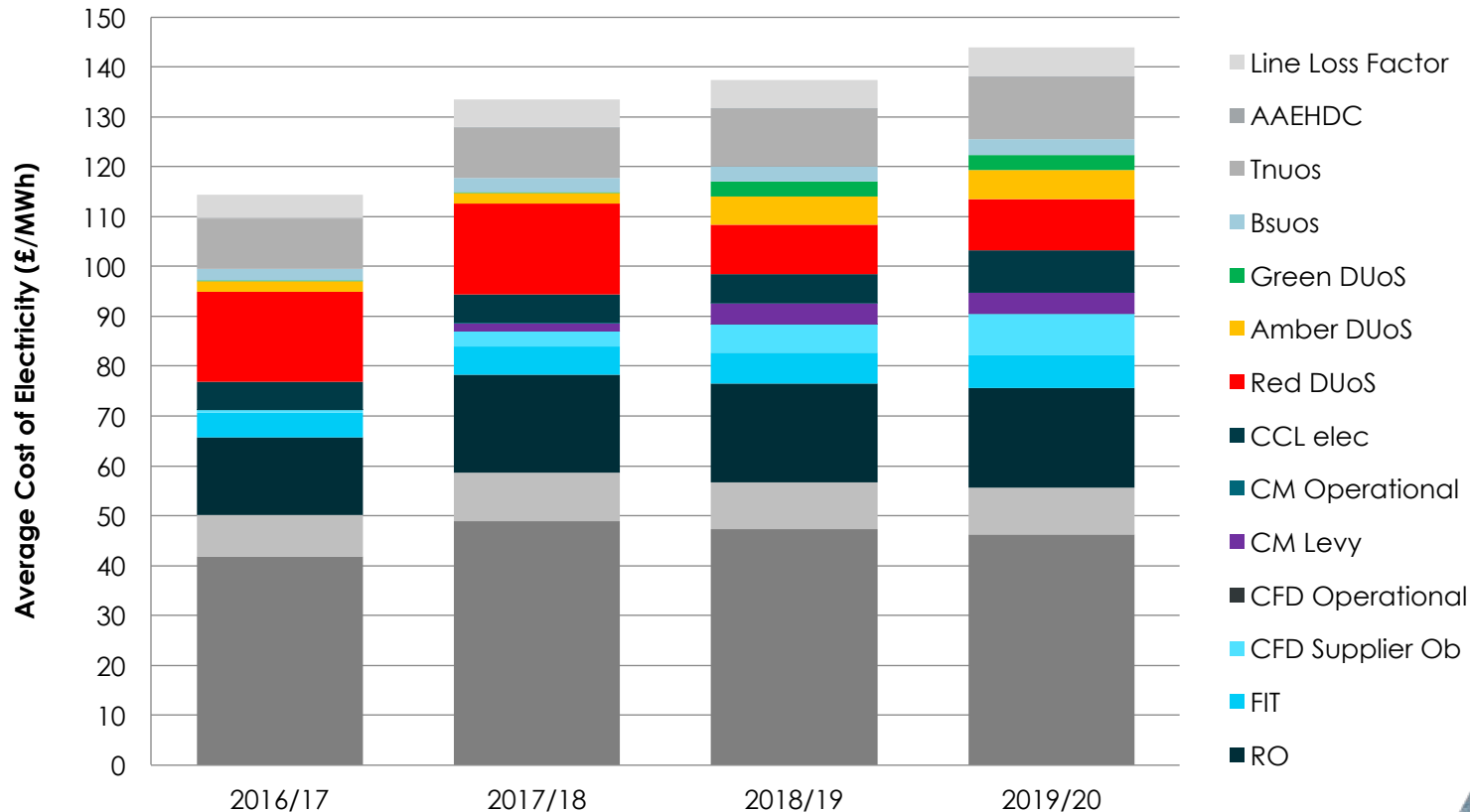
Around one third of non-commodity charges are based on your consumption for less than 9% of the year.

Can you either reduce demand or self-generate during these periods?

# DELIVERED ENERGY COSTS

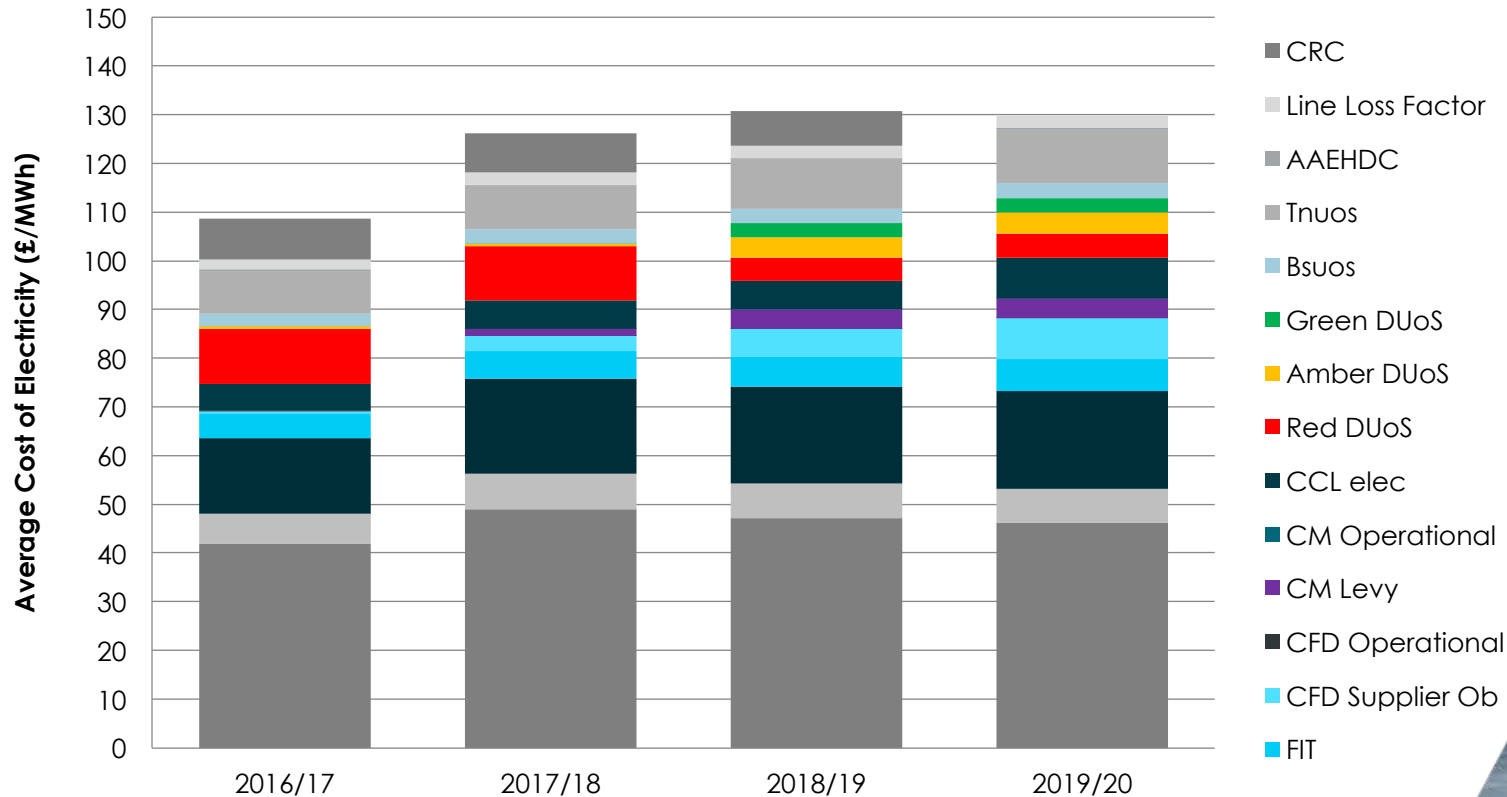
# DELIVERED ELECTRICITY COSTS

## Forecast Costs for Typical Retail Outlet in East Midlands (LV HH Meter)



# DELIVERED ELECTRICITY COSTS

## Forecast Costs for Typical Retail Outlet in CRC (HV HH Meter)



# THANK YOU

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