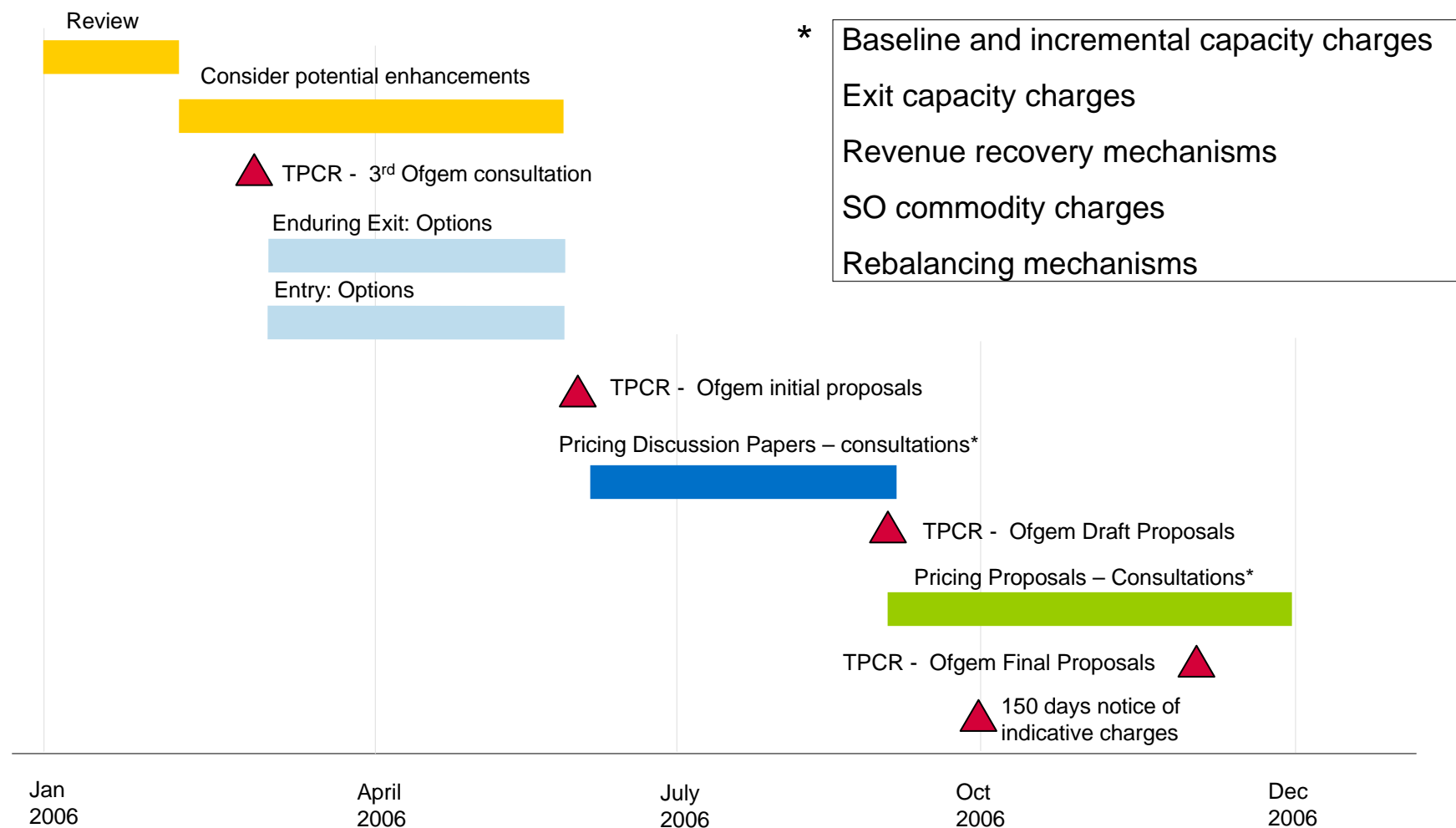
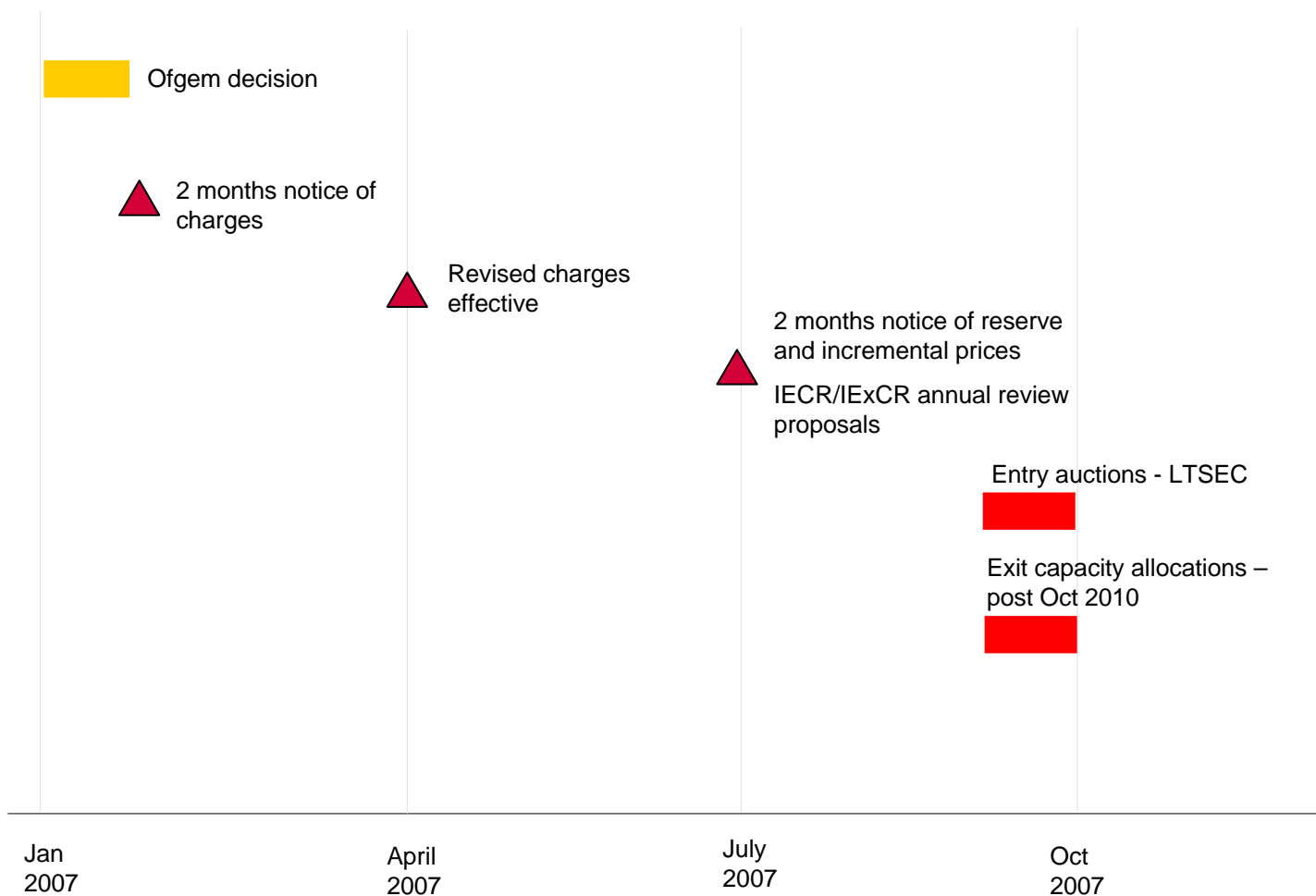


Indicative Work Plan

High Level Overview - 2006



High Level Overview - 2007



Step I – Review of the current NTS Transportation Charging Methodology

- ◆ Review current methodology (and supporting models) to determine capacity and commodity charges at NTS entry and exit points
- ◆ Collate and assess stakeholder issues

Step II – Consideration of enhancements

- ◆ Consider potential enhancements to NTS Transportation Charging Methodology
 - ◆ desired principles underpinning methodology
 - ◆ ways to simplify current approach and impacts on the cost reflectiveness of charges
 - ◆ consideration of simplifications to commercial/regulatory framework
 - ◆ consideration of whether charges are levied on appropriate Users

Step III – Entry options

- ◆ **Baseline and Incremental Entry Capacity Pricing Methodology**

- ◆ Review the LRIC process currently used for incremental entry capacity prices.
- ◆ Review/develop a methodology for determining the baseline entry capacity reserve price

- ◆ **Entry Capacity Revenue Recovery**

- ◆ Address the lack of symmetry of the current charge (PC65 mechanism on over-recovery)
- ◆ Review the application of the charge to large under or over-recoveries.

Step III - Exit options

- ◆ Transitional Exit Regime (2007-2010)
 - ◆ LRMC methodology currently used for exit capacity charges
 - ◆ Approach to rebalancing of exit capacity charges
- ◆ Enduring Exit Regime (2010 onwards)
 - ◆ Capacity
 - ◆ Methodology for pricing NTS exit capacity product(s)
 - ◆ Revenue Recovery i.e under/over recovery mechanism
 - ◆ Interruptible transportation credits
 - ◆ Constrained LNG transportation credits
 - ◆ Commodity
 - ◆ Amendments to accommodate changes in exit capacity products