



# Update on Consultation Paper NTS GCM 13

---

Gas TCMF  
04 December 2008

**nationalgrid**

The power of action.™

# AQ Review Process

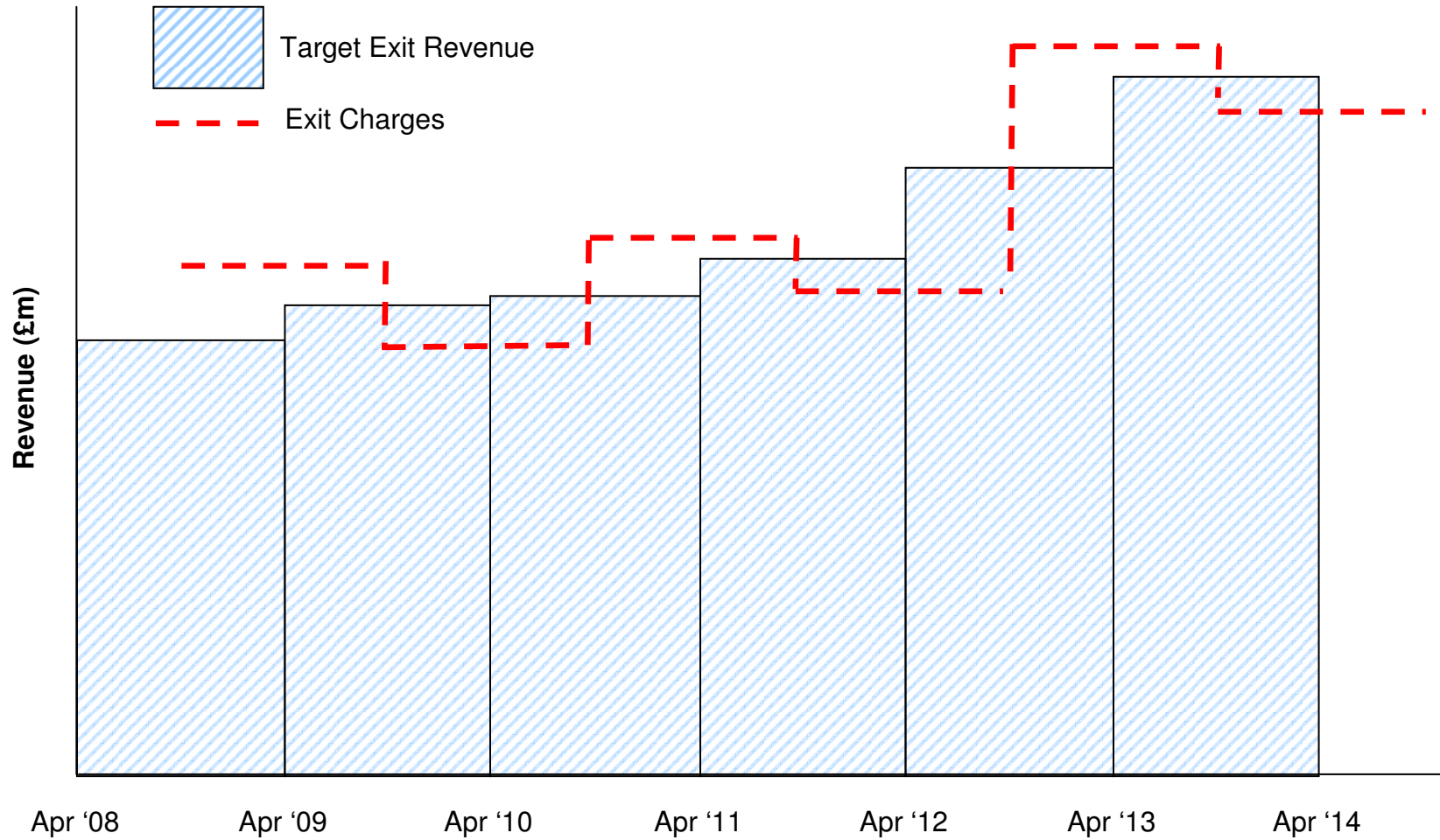
The AQ Review Process is an annual series of events which culminates in the calculation of the annual quantity for all NDM and DM meter points.

The NDM SOQs are the quantities on which capacity is charged.

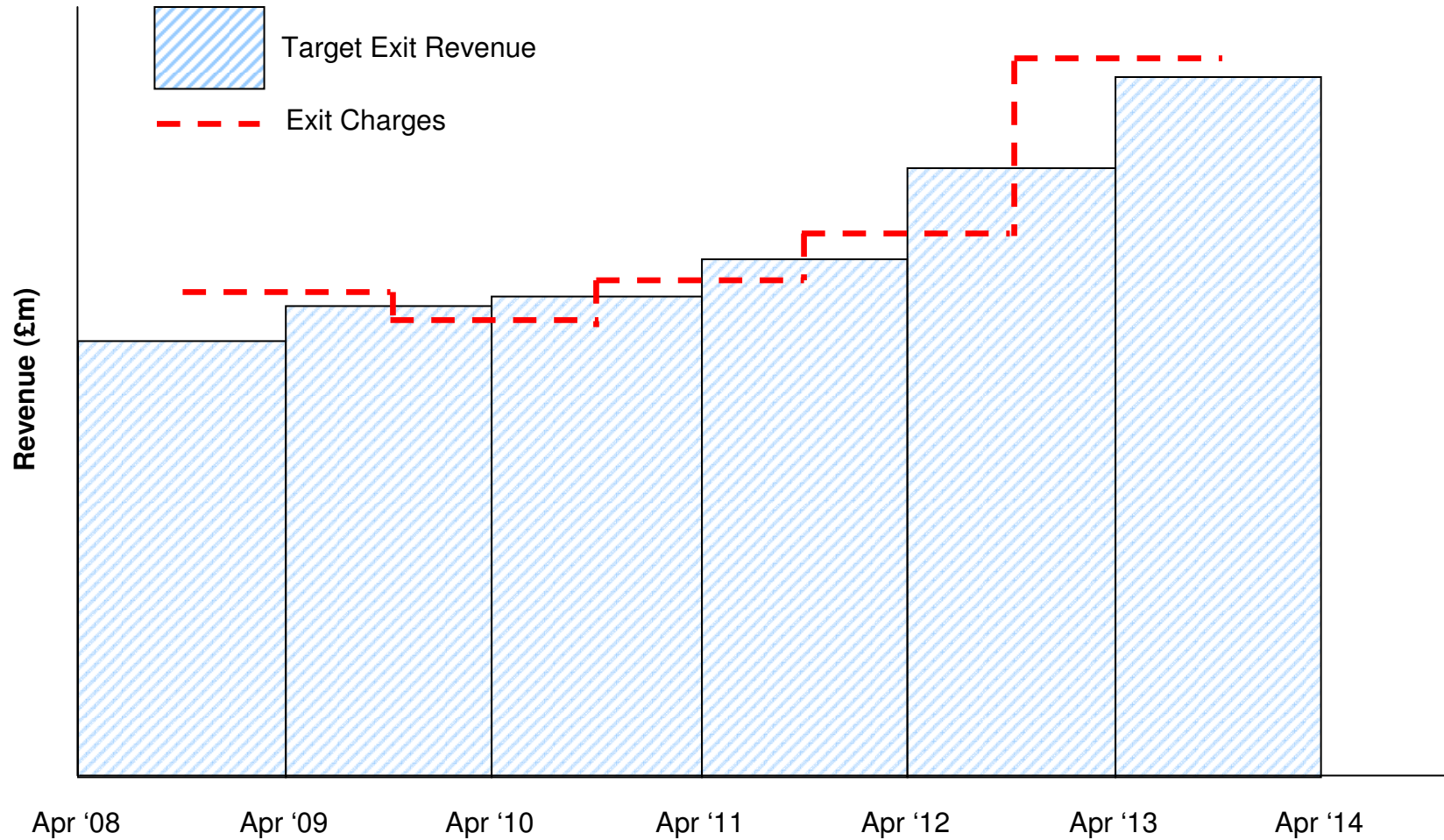
The outcome of the AQ Review is not known in time to feed into the Exit Capacity Price setting process for prices effective from 01 October each year.

Following this year's fall in SOQs, National Grid is considering potential Charging Methodology changes to mitigate the risks of future under- or over-recovery.

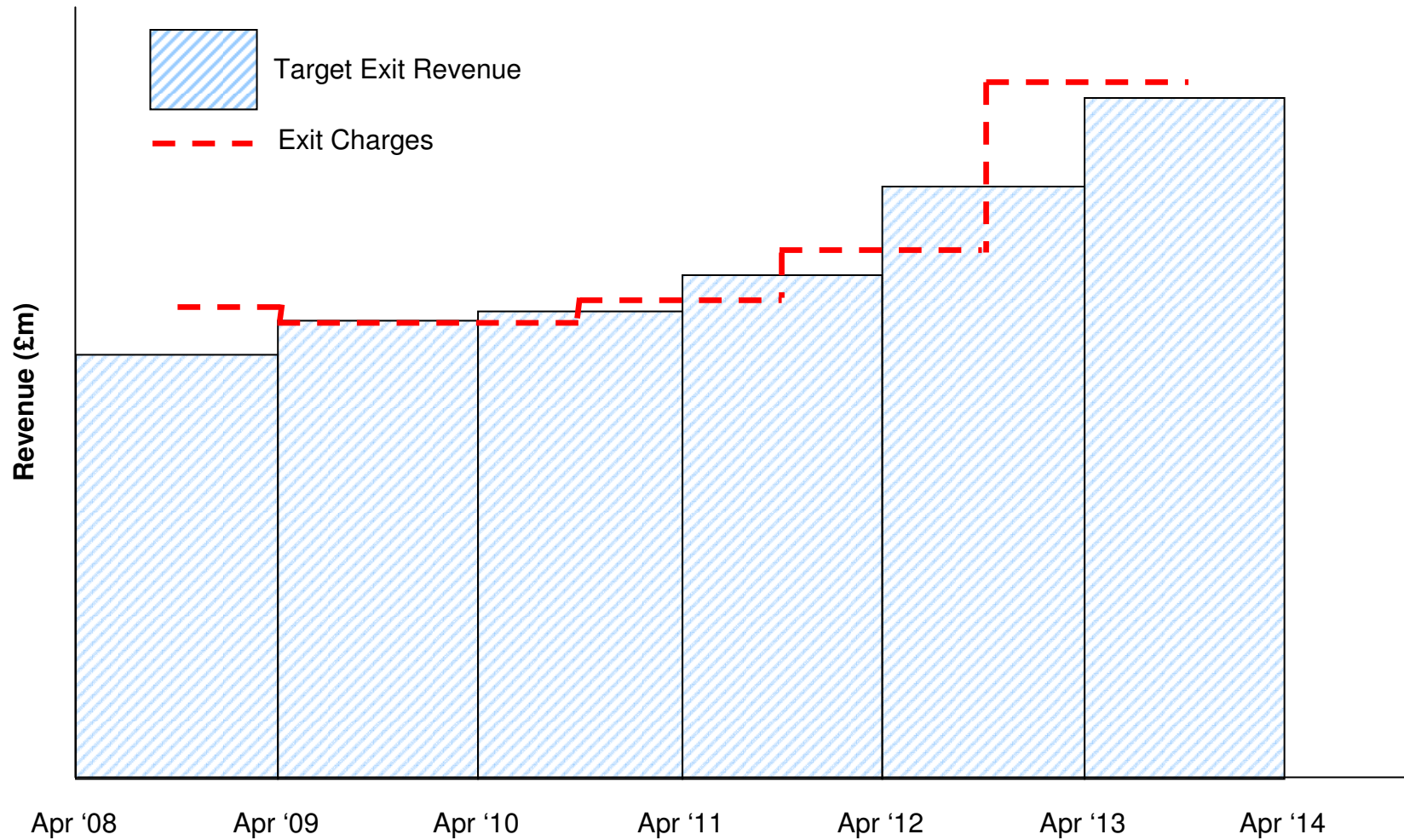
# Original Graph Showing Future Volatility (“Do Nothing”)



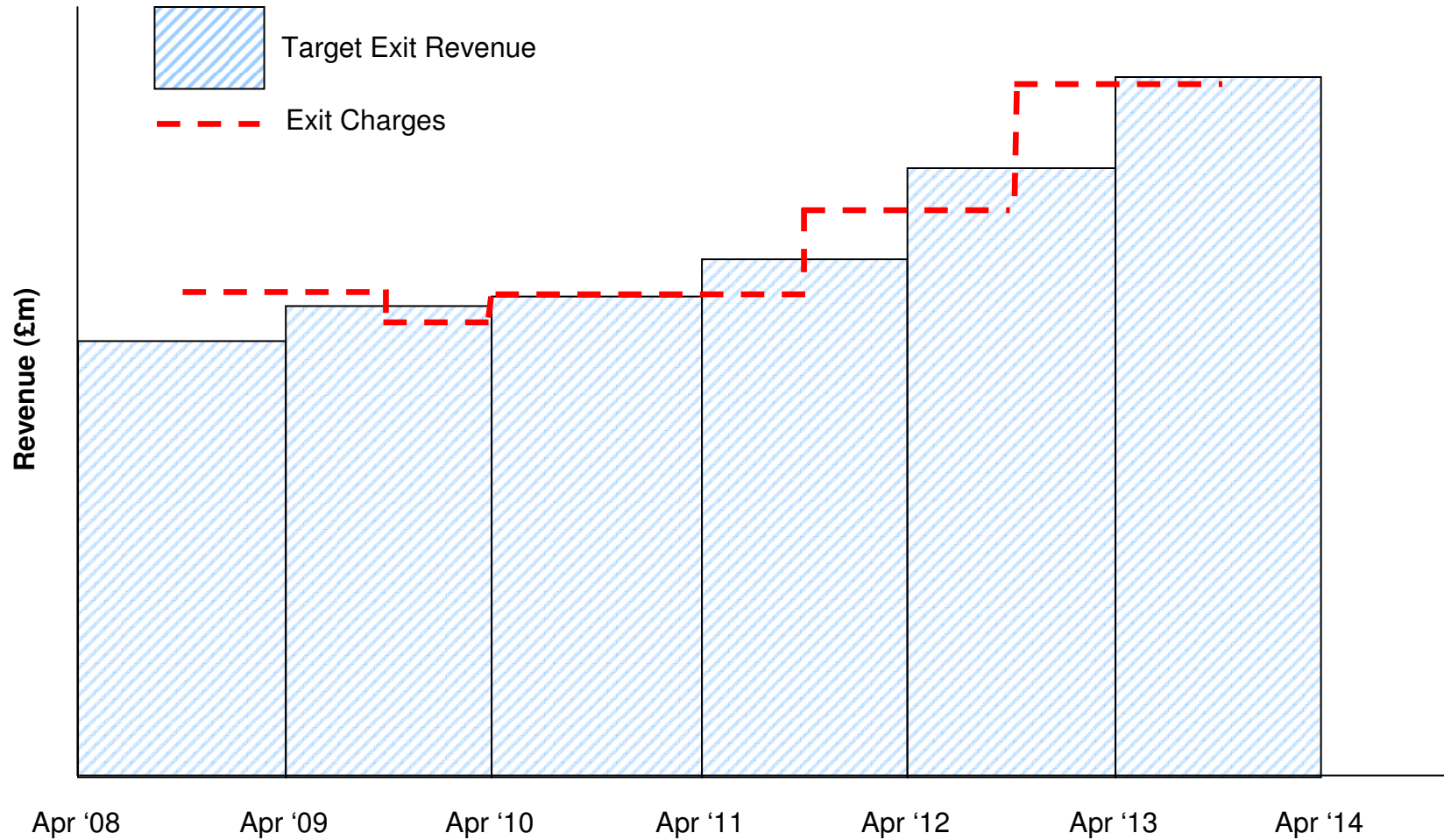
# “Do Nothing” Following AQ Review



# April 2009 Price Change Following AQ Review



# April 2010 Price Change Following AQ Review

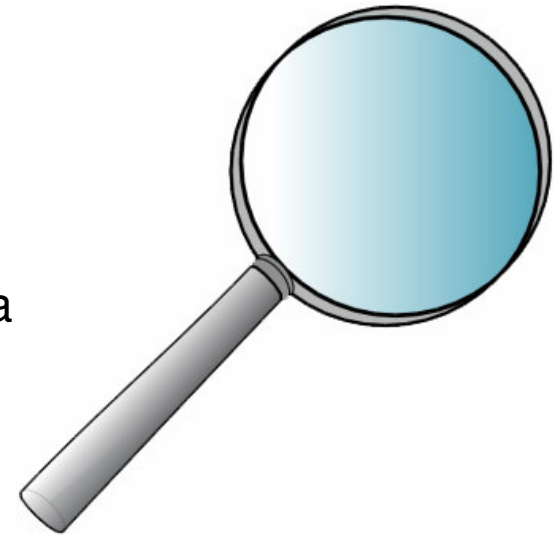


## Clarification Note

Following the recent annual AQ review SOQs have fallen reducing National Grid's expected income during the 2008/09 financial year. Against this background National Grid (subject to industry support of GCM13) is reviewing the need to change Exit Prices on 01 April 2009 to reduce future Exit Price volatility.

There may still be a need to change prices on 01 April in 2009 or from 01 April in future years to reduce Exit Price volatility caused by the misalignment of gas year and formula year.

Updating Exit Prices without updating supply data should be more appropriate than using the prevailing methodology.



# Closing Date for Submission of Responses



In light of the clarification note issued 24 November 2008 the closing date for the submission of responses has been extended to:

**10<sup>th</sup> December 2008**