

# Enduring NTS Exit Capacity Indicative Prices

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Gas TCMF

7<sup>th</sup> May 2008

# Content

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1. **Introduction**
2. **Transportation Model Inputs**
3. **Scenarios**
4. **Results**
5. **Further Analysis**

# Introduction

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- ◆ Indicative NTS Exit (flat) Capacity prices have been generated based on a range of scenarios
- ◆ The key impact on Pricing of the UNC Proposals under consideration and wider exit reforms, was identified as the resulting level of NTS Exit (flat) Capacity bookings used to determine Tariffs
- ◆ Scenarios have been generated for a range of demand and exit capacity booking levels
- ◆ Further scenarios could be developed

# Transportation Model Inputs

Input	Value
<b>Network</b>	2009/10 ~ latest available model where we can publish all of the data
<b>Supply</b>	December 2006 TYS for 2009/10
<b>Demand</b>	2006 Forecast Demand for 2009/10 – zero for storage but capacity assumed to be booked at the baseline levels
<b>Balancing S&amp;D</b>	Merit Order – storage flows have been increased to offset increased demand due to ‘interruptible’ demand
<b>Expansion Factor</b>	Prevailing - £2223/GWhkm
<b>Anuitisation Factor</b>	0.10272

# Scenarios

***Chose 3 scenarios given that we are awaiting outcome outcome of Exit Reform. Assumptions can be revised for further analysis.***

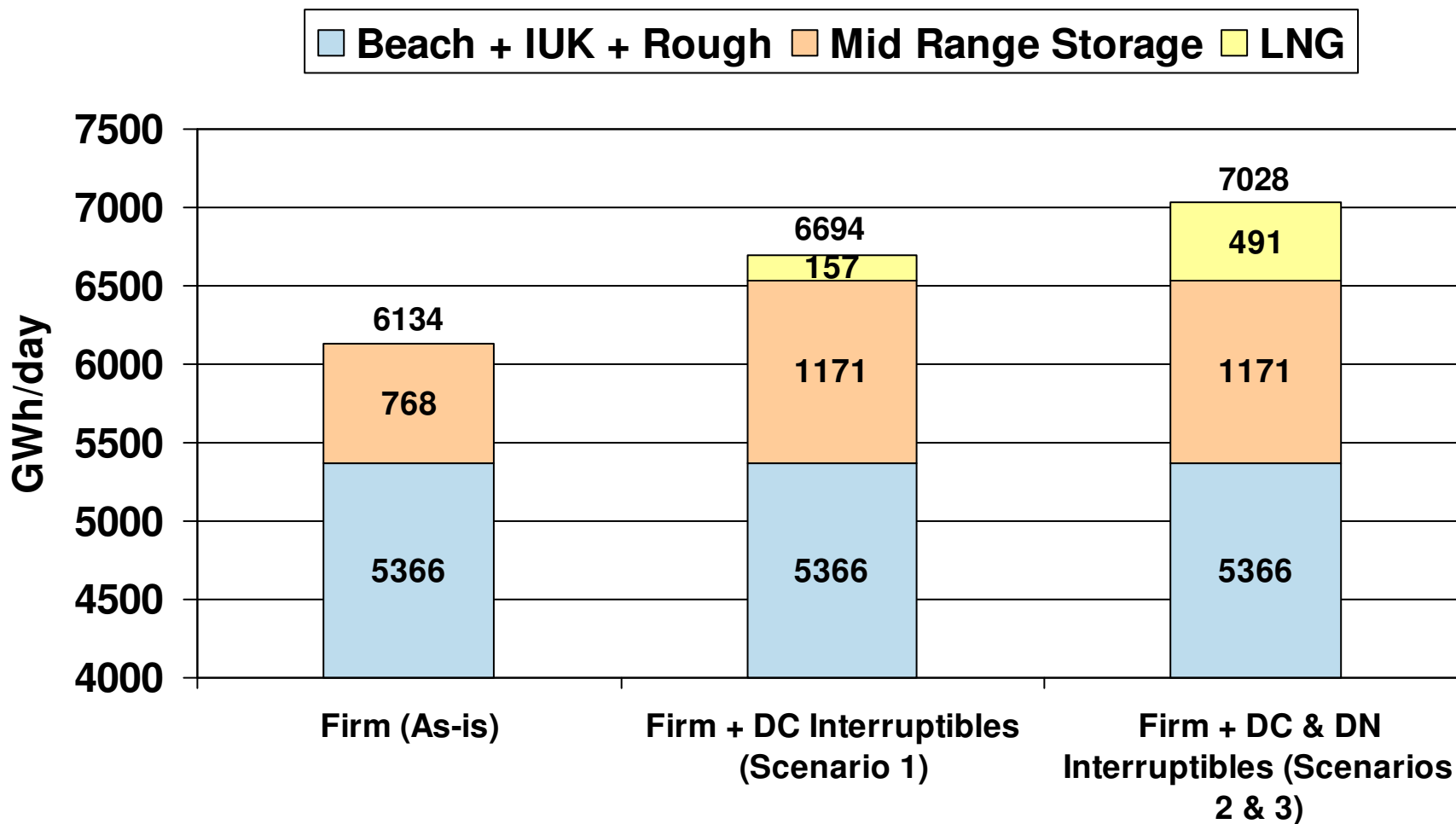
Scenario	Firm Capacity Level	Revenue
<b>As-Is</b>	Forecast Firm Demand (Revenue foregone collected through SO Commodity)	£222m*
<b>1</b>	Forecast Firm Demand plus DC* Interruptible	£281m (£59m / 27% increase)*
<b>2</b>	Forecast Firm Demand plus DC* & DN Interruptible	
<b>3</b>	Forecast Firm Demand plus DC & DN with IUK** at Baseline exit	

***\* Storage sites modelled at zero exit flow at peak with revenue recovery based on baseline exit capacity for storage injection***

***\*\* IUK modelled at zero exit flow at peak for all scenarios but with revenue recovery based on baseline exit capacity for scenario 3 and prevailing assumptions for scenarios 1 & 2***

\* Post-meeting correction, slide corrected from previous figures of £228m (£52m / 23% increase). Correct value was used to generate indicative prices.

# Supply & Demand



# Results

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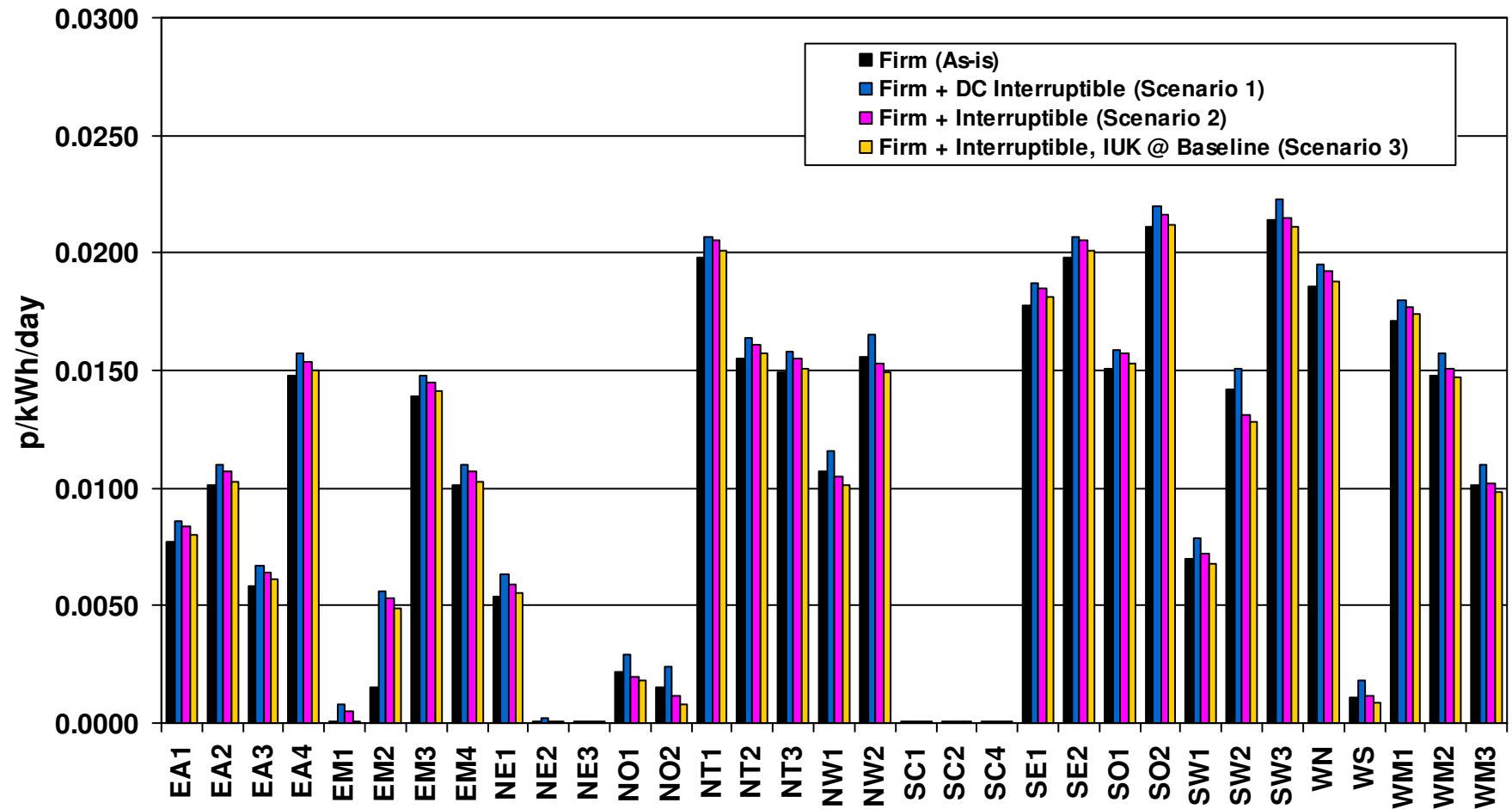
- ◆ While all Exit Reform\* Capacity & Prices will be at nodal level, graphical results are shown by NTS Exit Zone, DN and NTS average for ease of geographical comparison only
- ◆ All Indicative NTS Exit (flat) Capacity Prices will be made available on the National Grid website
- ◆ The impact of the removal of 'revenue foregone' triggered by Exit Reform has been estimated as a reduction of 0.0027 p/kWh to the SO standard commodity rate

\* *Excluding UNC 0116A*

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# NTS Exit Zone Prices

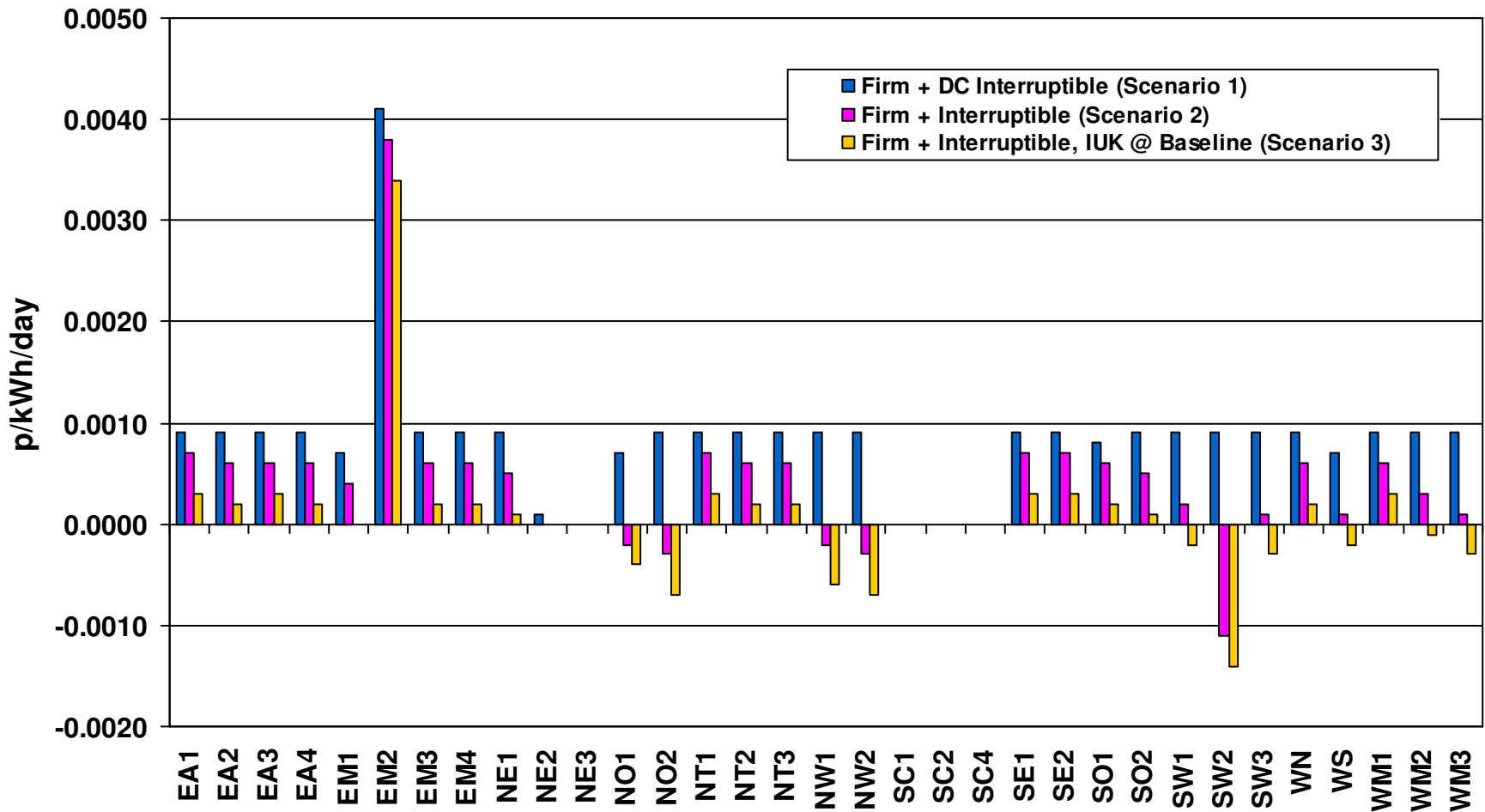
(Impact on Exit Prices of including “Interruptibles”)





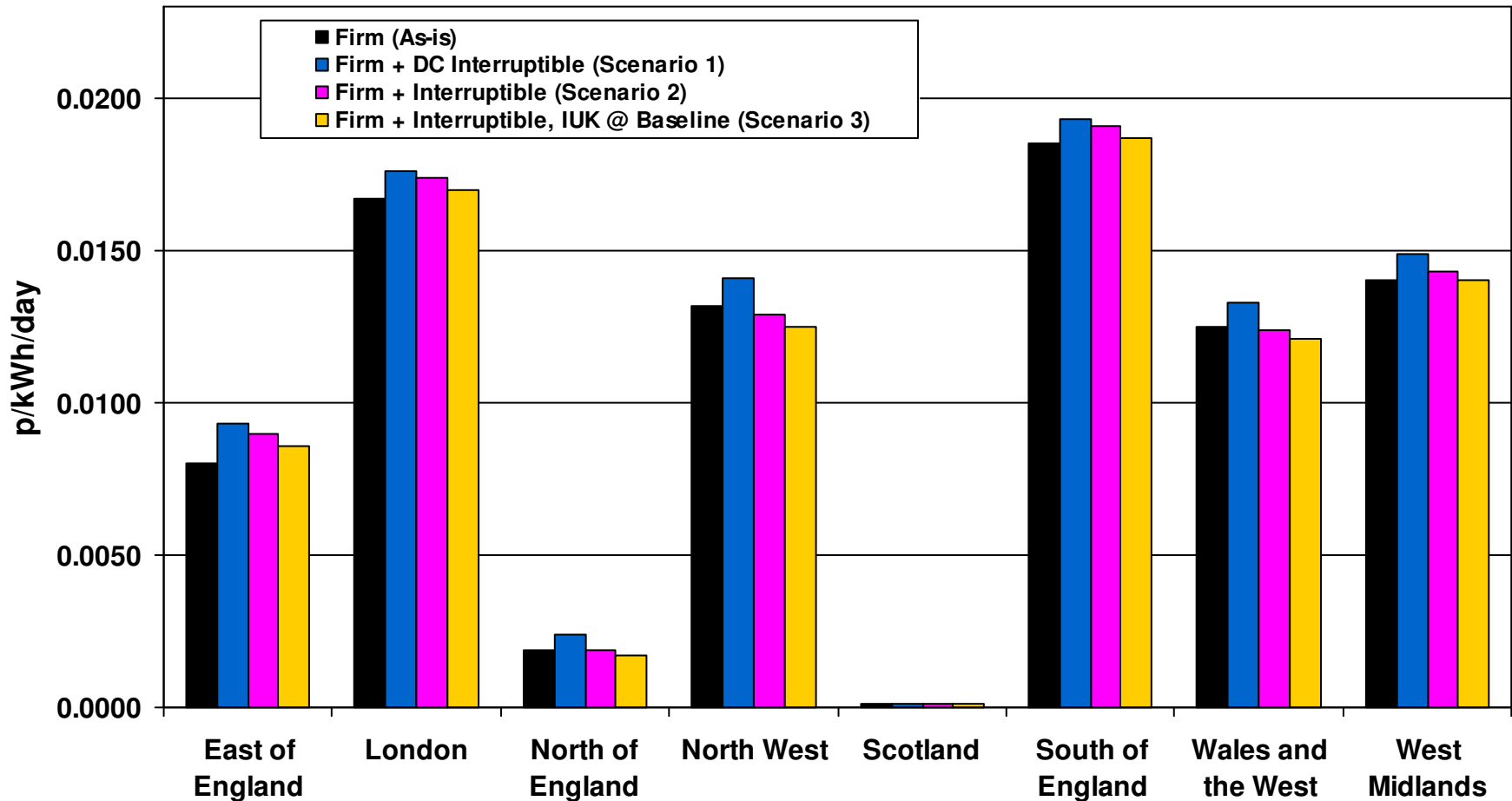
# Change in NTS Exit Zone Prices

(Impact on Exit Prices of including “Interruptibles”)



# DN Average Prices

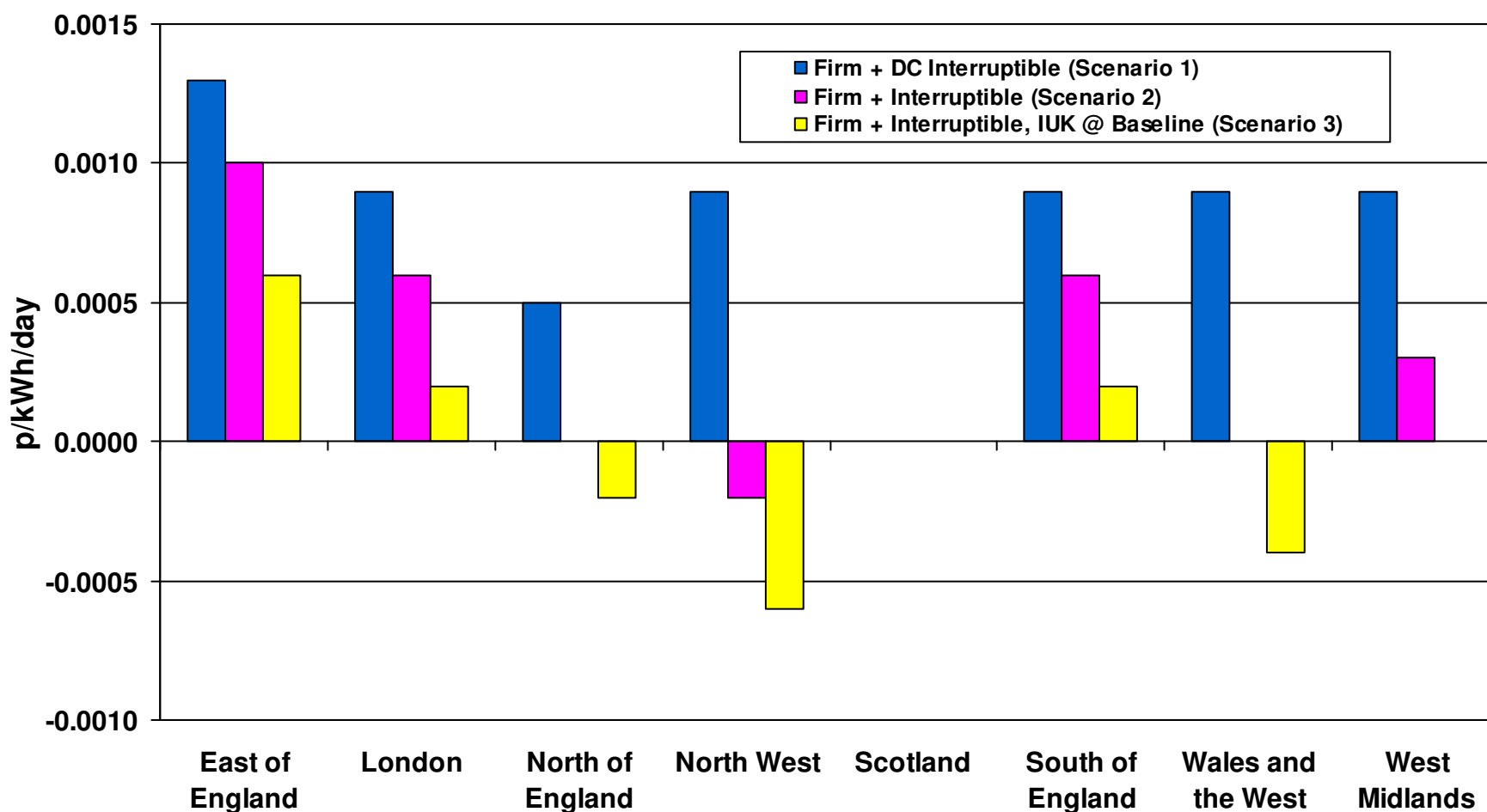
(Impact on Exit Prices of including “Interruptibles”)



\*Post meeting correction: SW1, SW2, SW3 previously grouped in “South of England”.  
Graph updated 13/05/08 with SW1, SW2, SW3 now grouped in “Wales and the West”.

# Change in DN Average Prices

(Impact on Exit Prices of including “Interruptibles”)

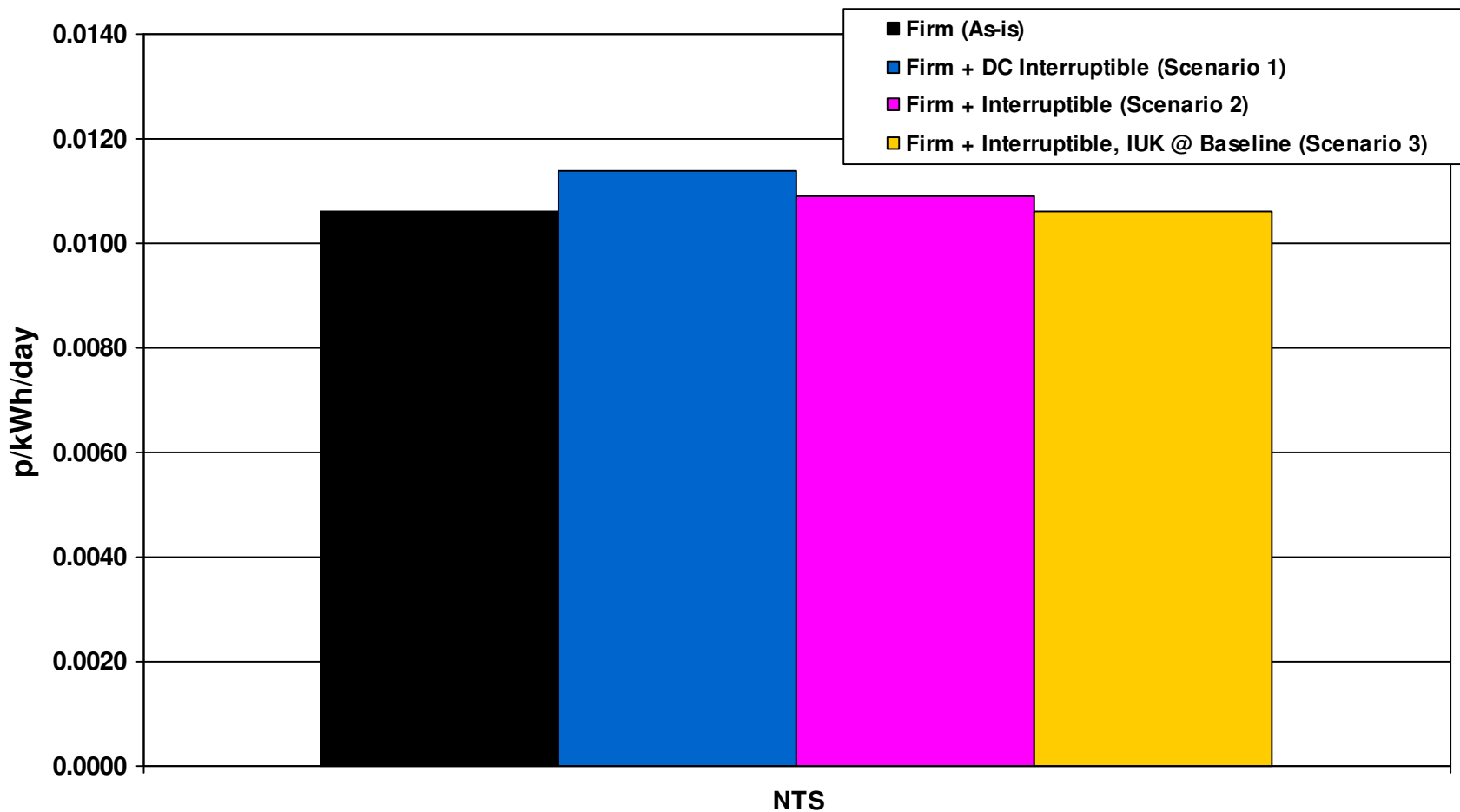


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Graph updated 13/05/08 with SW1, SW2, SW3 now grouped in “Wales and the West”.

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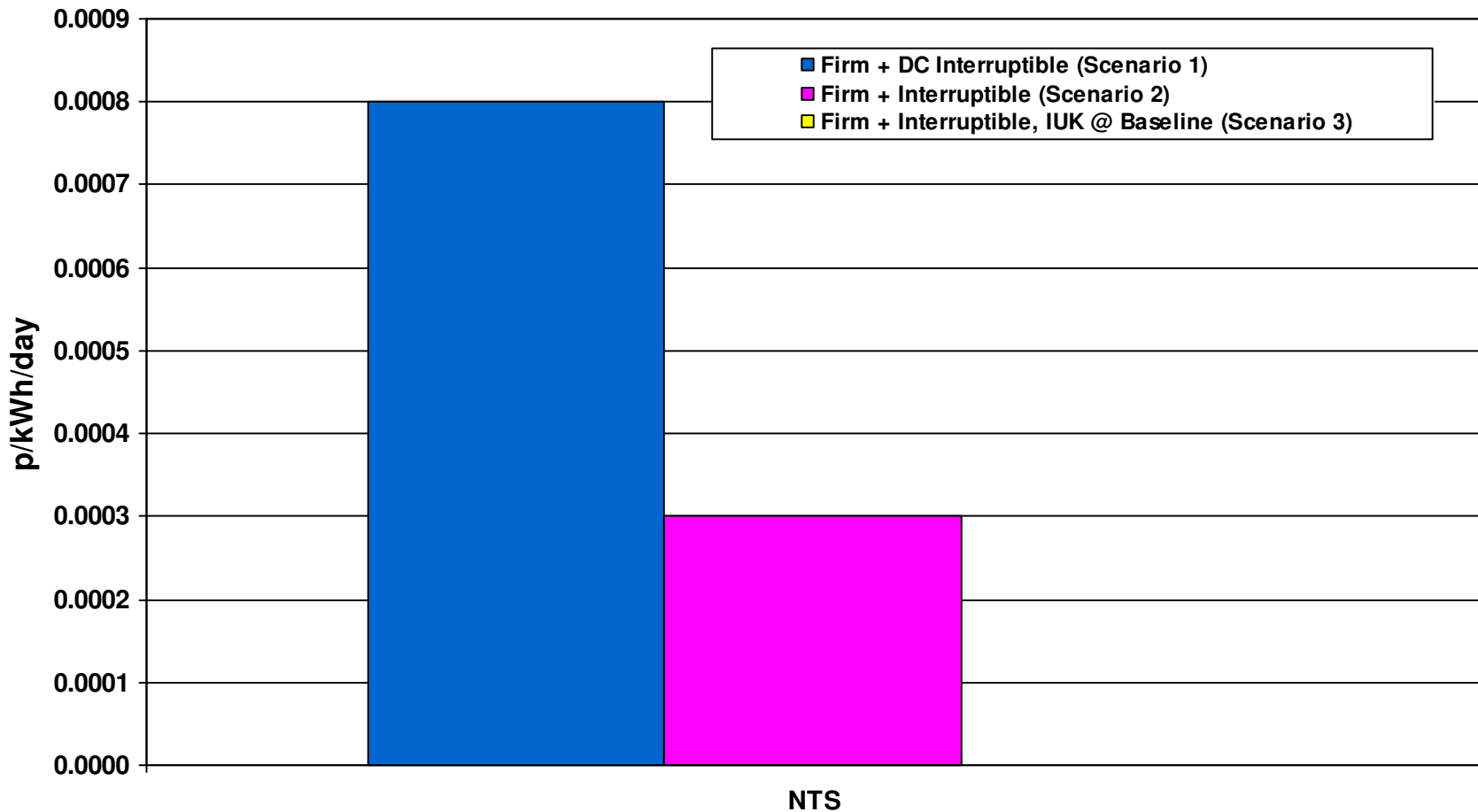
# NTS Average Price

(Impact on Exit Prices of including “Interruptibles”)



# Impact on NTS Average Price

(Impact on Exit Prices of including “Interruptibles”)



# Further Analysis

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- ◆ More significant impact at offtake level compared to 'Area'/NTS level
- ◆ Views are invited from the Gas TCMF regarding further analysis that might be of value
- ◆ Results would be presented at either the June or July Gas TCMF depending on the extent of analysis requested