

# Impact of 2008 AMSEC on TO Entry Commodity Charges

---

Gas TCMF

8<sup>th</sup> April 2008

# MSEC Income

---

- ◆ In last years AMSEC auction (2007) National Grid received the following auction income
  - ◆ 2007/8 (2007 AMSEC)      £81,893,245m
- ◆ In this years AMSEC auction we received the following income for 2008/9
  - ◆ 2008/9 (2008 AMSEC)      £37,279,606m

# TO Commodity Charge Update

---

- ◆ In light of the recent AMSEC auctions held we would like to update Users on how this will affect the TO Commodity Charge going forward
- ◆ When forecasting auction revenue as part of setting final charges we assumed similar bidding behaviour to last year as mentioned in our charging statements. We therefore assumed that we would collect £82m (£108m in total) in this years MSEC for 2008/9 when in fact we only collected £37m (£63m in total)
- ◆ This is a reduction of £45m (55%)
- ◆ The TO Commodity charge is currently set at 0.0019 p/pkWh fixed up until October 2008.
- ◆ If we were to receive similar auction revenues through the remaining auctions and Transfers and Trades processes to be held in 2008/9 as seen in 2007/8, we would expect to see an increase in the TO Commodity charge from October onwards to a rate of approximately 0.0094 p/pkWh
- ◆ However when deriving this figure we are assuming similar bidding behaviour to last year so this figure may vary by around +/- 20%. Of course as the formulae year progresses we will gain a better picture on actual bidding behaviour and will update you accordingly.