

TO Entry/Exit Split

Gas TCMF

9th July 2008

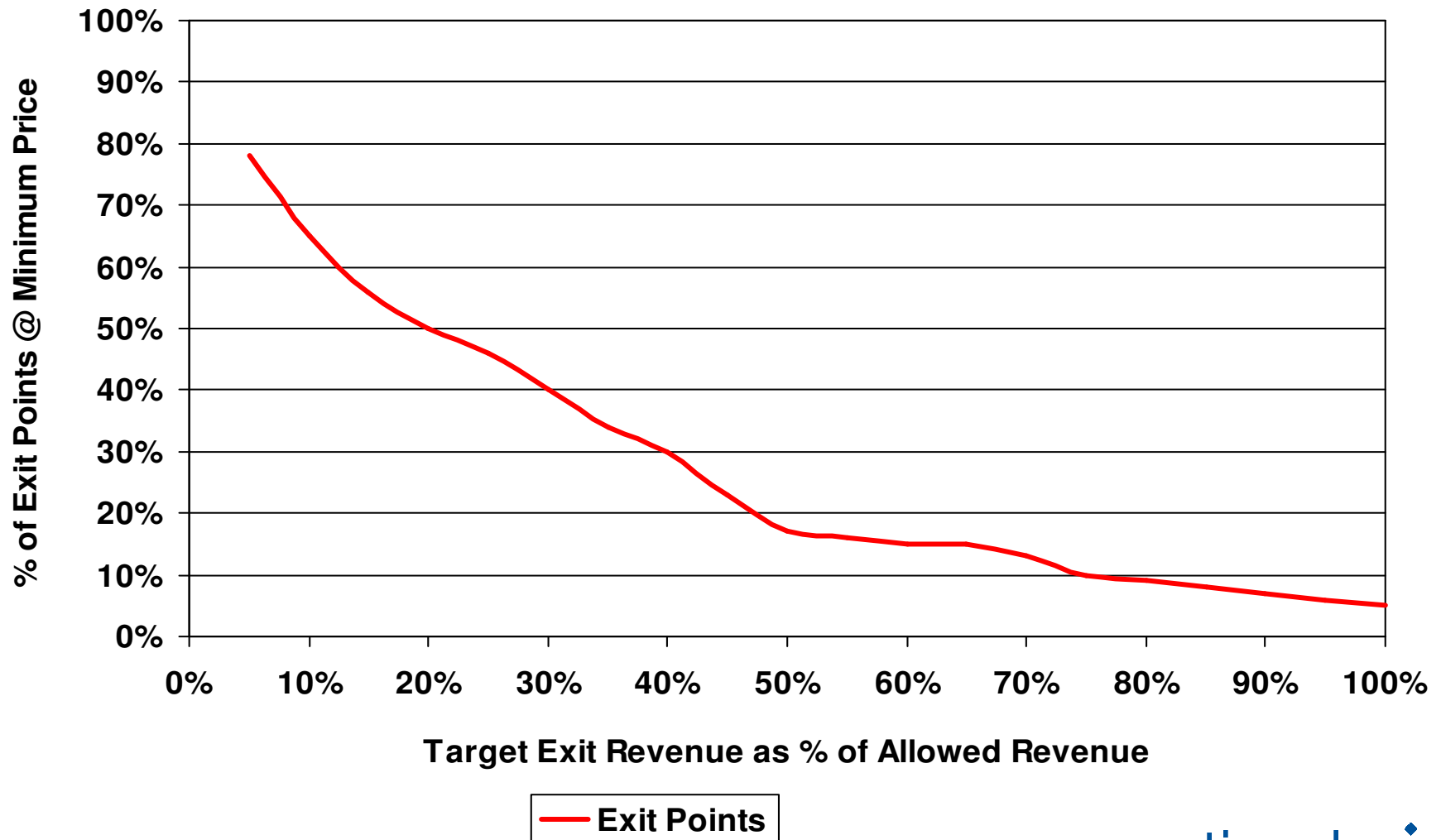
Action from April 2008 TCMF

- ◆ Shippers, via the April 2008 Gas TCMF and 2008 Gas TCMF survey have requested a review of the underlying 50-50 Entry-Exit target revenue assumption within the NTS Charging Methodology.
- ◆ This presentation covers TO Entry & Exit Capacity Charges

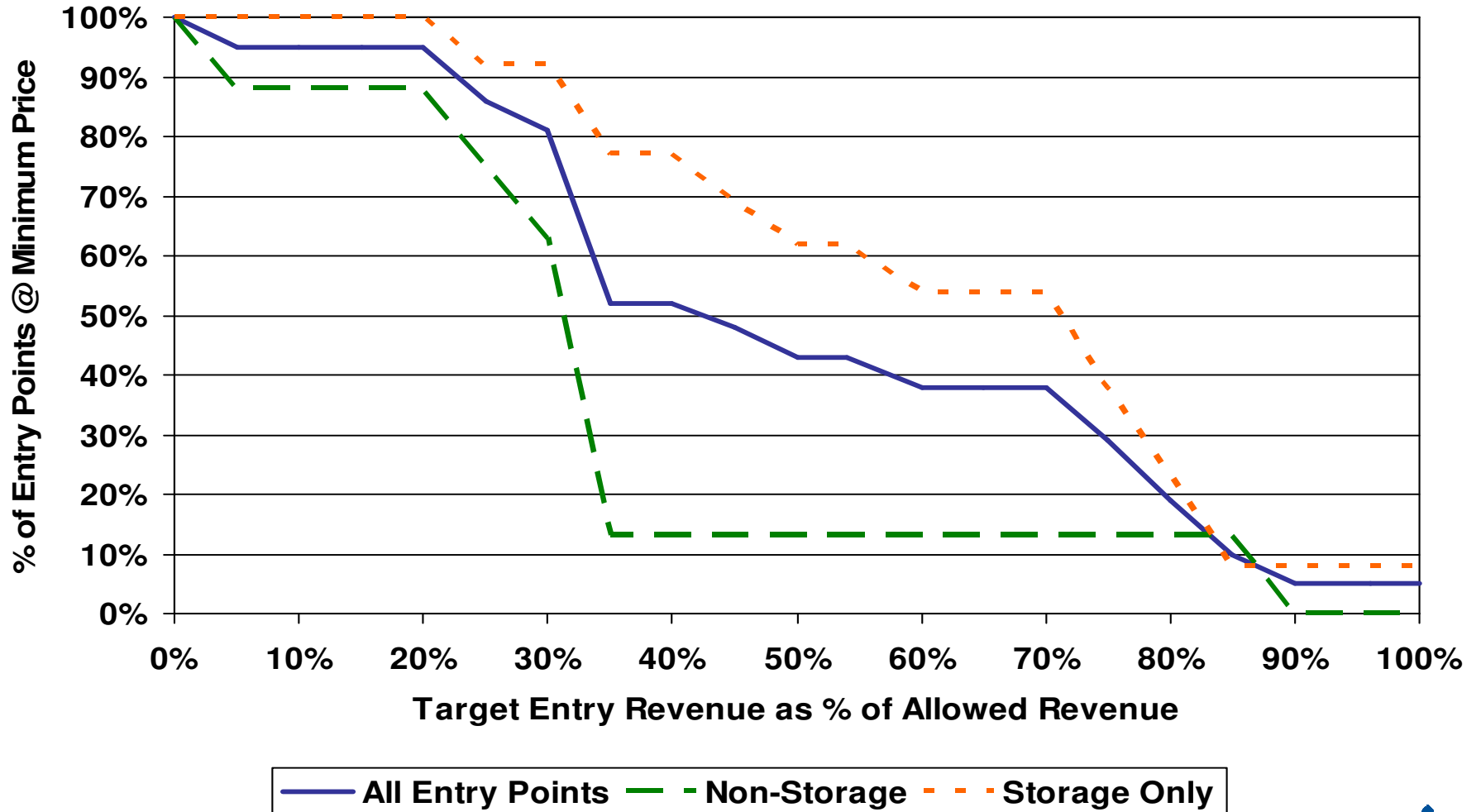
Assumptions

- ◆ Entry & Exit Charges are capped at a minimum of 0.0001 p/kWh if the LRMC implies a lower or negative price.
- ◆ The % of all Entry & Exit Prices capped at the minimum has been calculated for a range of TO Exit Target revenue.
- ◆ Entry Capacity prices are not adjusted for allowed revenue under the prevailing charging methodology however they have been for the purposes of this analysis

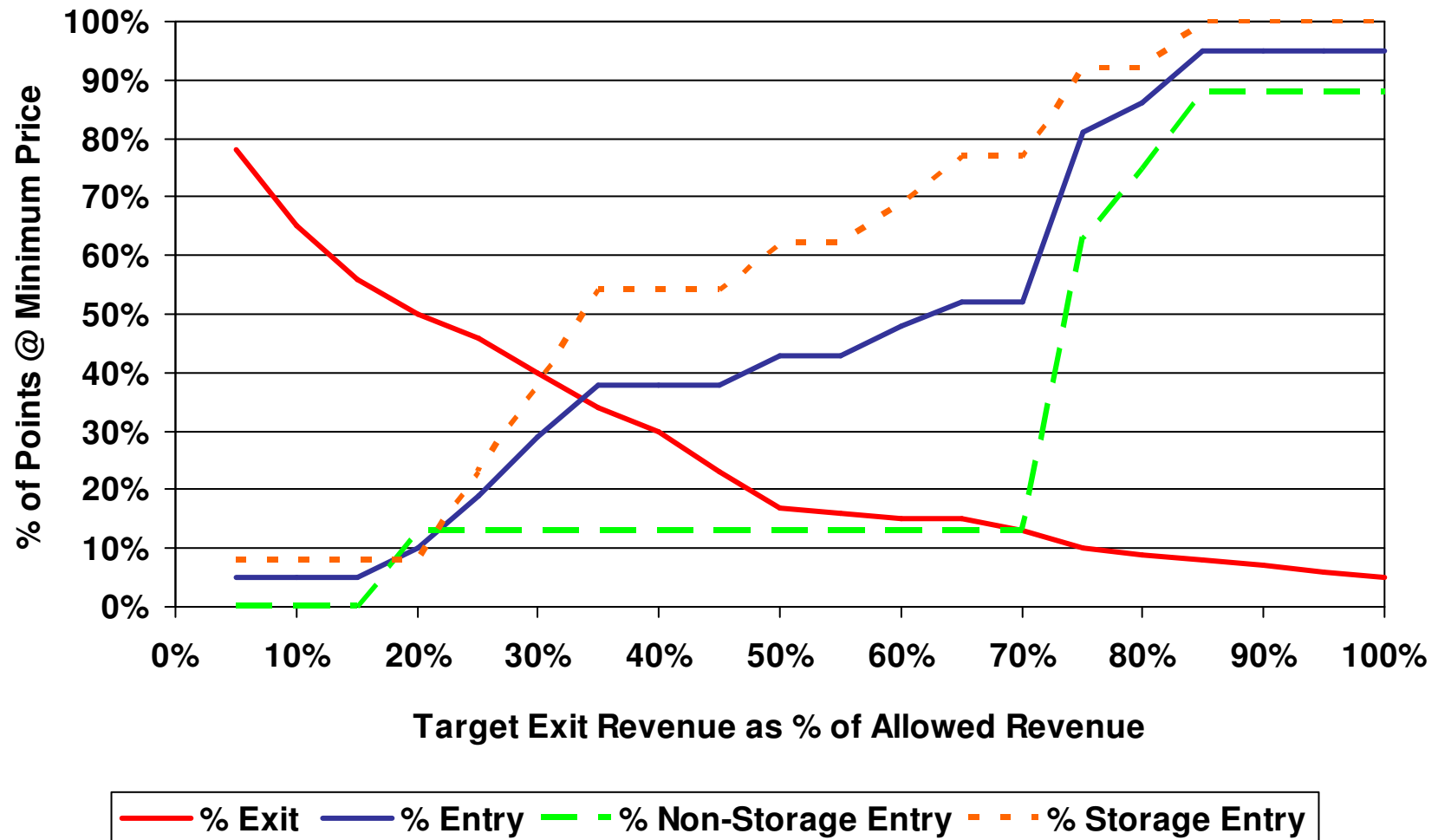
Impact of TO Entry-Exit Revenue Split on Minimum **Exit** Capacity Prices (2008/9)



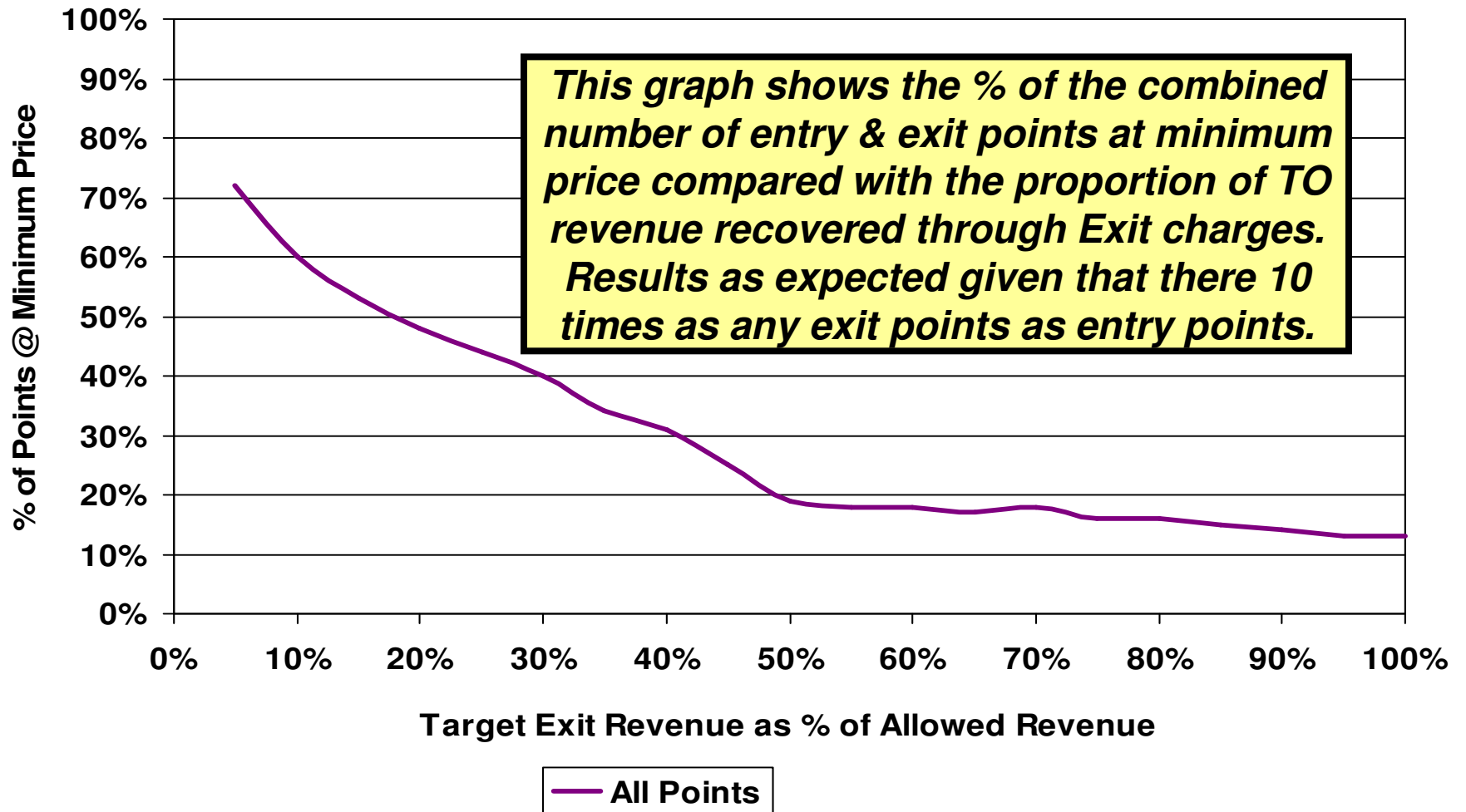
Impact of TO Entry-Exit Revenue Split on Minimum Entry Capacity Prices (2008/9)



Impact of TO Entry-Exit Revenue Split on Minimum **Entry** of **Exit** Capacity Prices (2008/9)



Impact of TO Entry-Exit Revenue Split on Minimum Entry & Exit Capacity Prices (2008/9)



Conclusion

- ◆ Supports the 50-50 Entry-Exit TO target revenue split to some degree but indicates a higher Exit proportion (and hence a lower Entry Proportion) may lead to more cost reflective capacity prices
- ◆ Views invited regarding
 - ◆ Further analysis that might be of value?
 - ◆ Way forward?