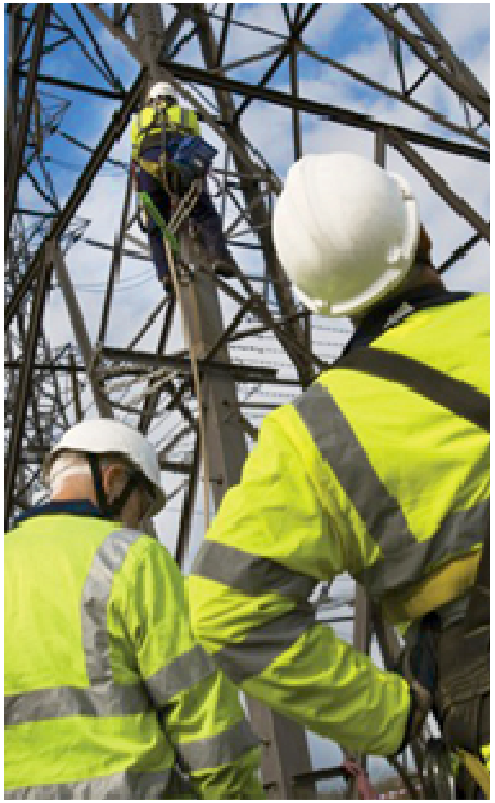
# Explanation of 2009 Exit Prices

Gas TCMF 1st October 2009



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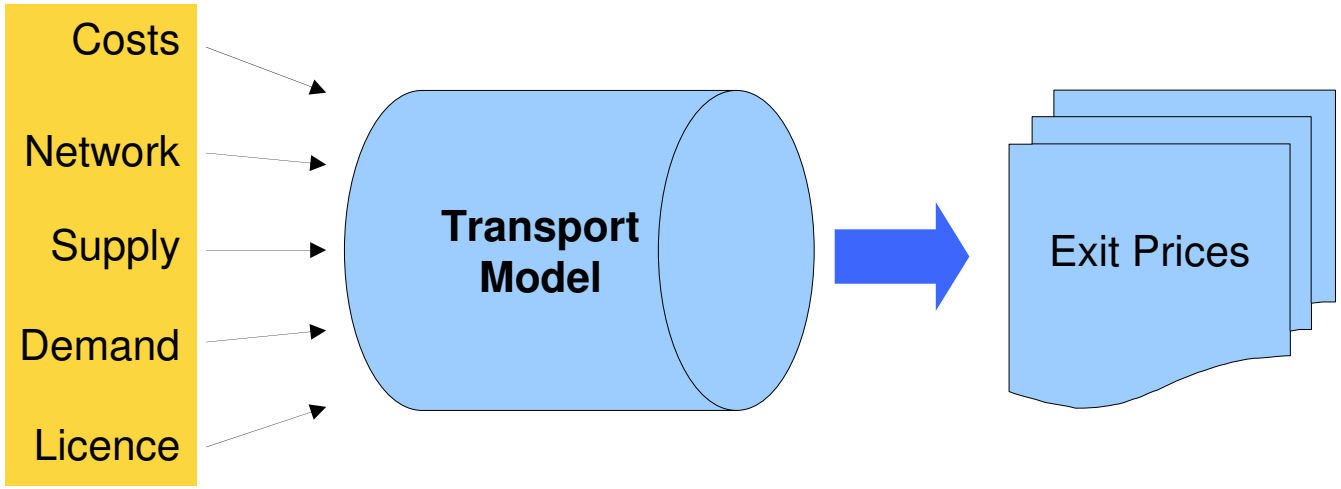
# Exit Pricing Methodology




- Changes to inputs drive changes in prices
  - Costs ~ Expansion Constant
  - Network ~ Additional Pipes
  - S&D ~ Supply & Demand levels, balancing rules
  - Licence ~ Allowed TO Revenue

# Changes to Exit Capacity Prices & Input Data

| Factor | Units | 2008 Prices | 2009 Prices | Change | Change % | Impact on WAP | |
|---|---|---|---|---|---|---|---|
| Allowed Rev | £m | 238.5 | 212.1 | -26.4 | -11.1% | | A |
| Expansion Factor | £/GWhkm | 2320 | 2437 | 117 | 5.0% | - * | |
| Demand ( & hence supplies) | GWh/day | 6,054.35 | 5,501.60 | -552.7 | -9.1% | - * | |
| TO Exit Capacity | GWh/day | 6,083.31 | 5,430.80 | -652.5 | -10.7% | | B |
| Average Prices | p/kWh/day | 0.0111 | 0.0114 | 0.0003 | 2.6% | - | |
| Weighted Average Price (WAP) | p/kWh/day | 0.0107 | 0.0107 | 0.0000 | -0.4% | | % change =(1+A)*(1 +B) |

* The expansion factor and S&D data only impact the geographic distribution of costs and prices and do not affect the WAP.

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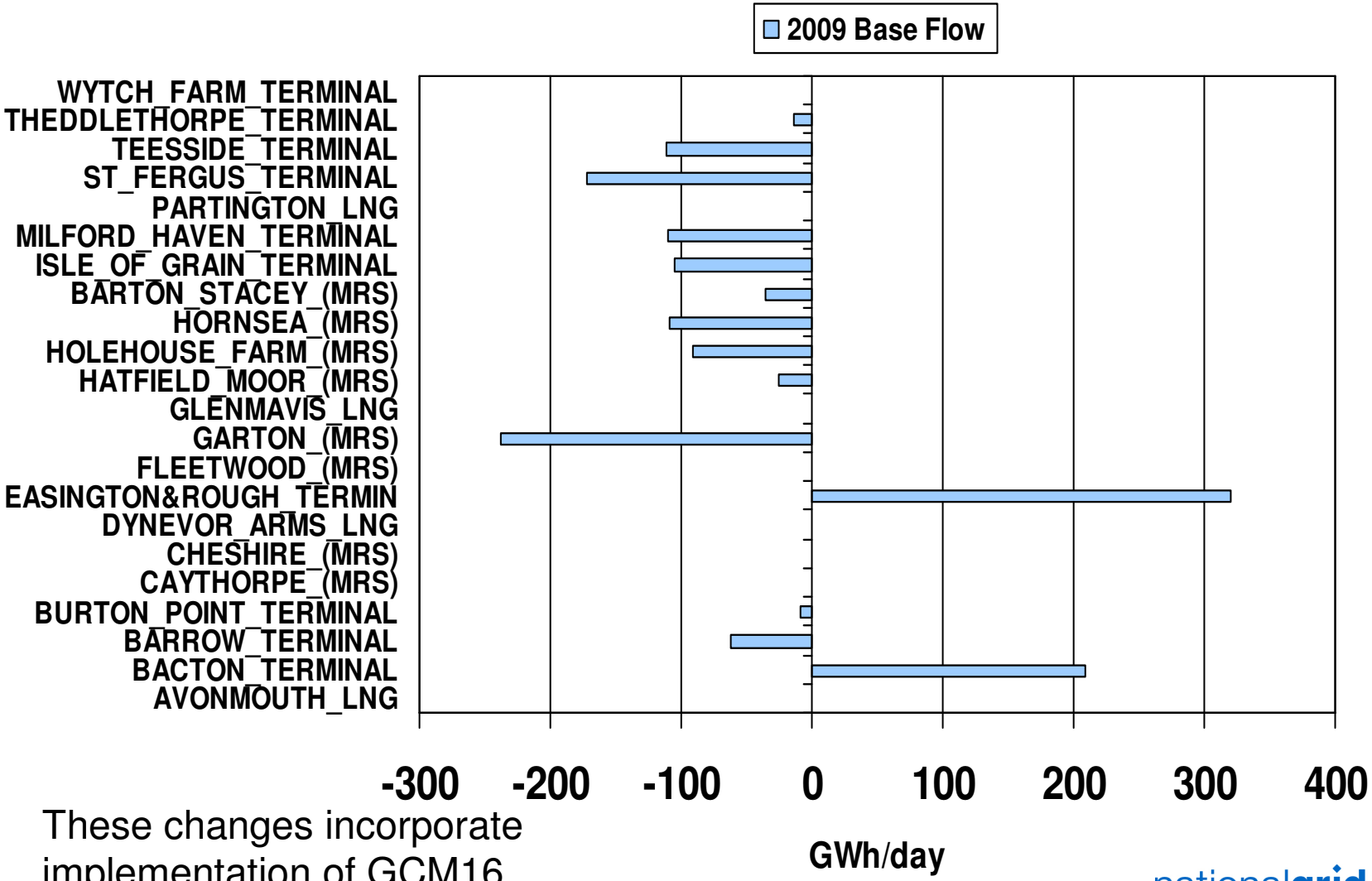
# Change in Base Supplies

## 2008 Data (2008/9 from 2007 TYS) to 2009 Data (2009/10 from 2008 TYS)




These changes incorporate implementation of GCM16.

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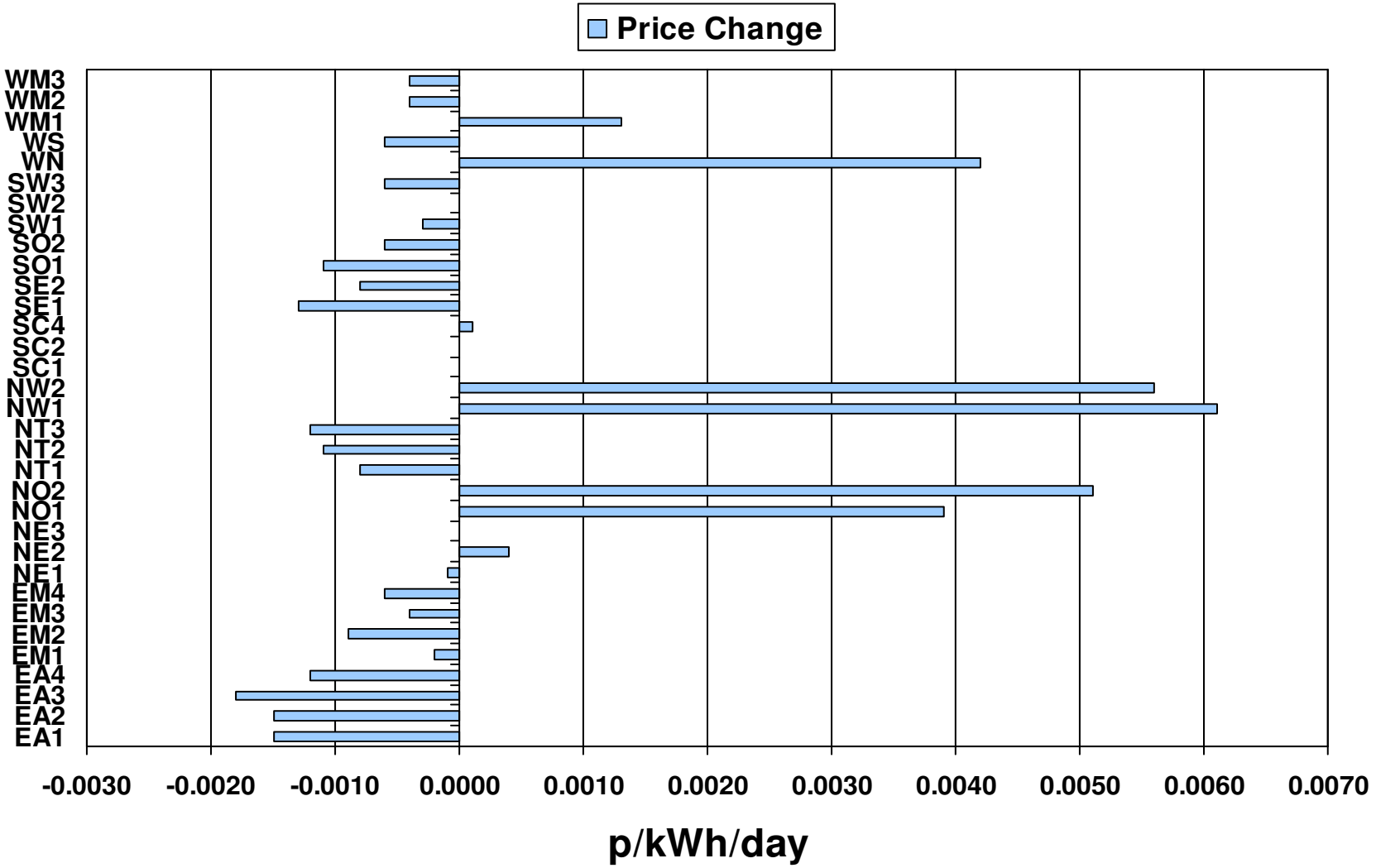
# 1st October 2009 Year-on-Year Exit Price Changes

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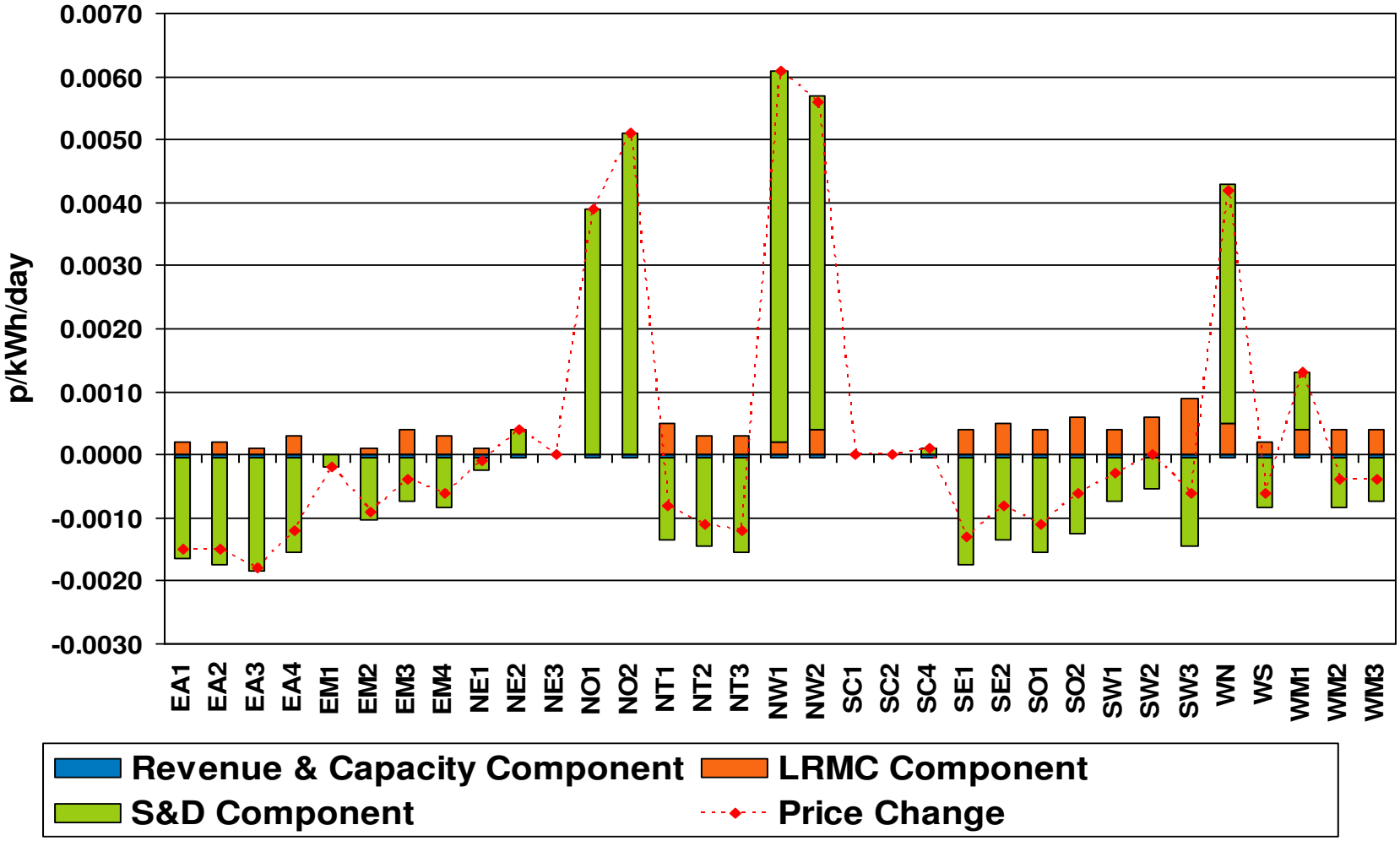
# Year-on-Year NTS Exit Capacity Price Changes
# 1st October 2009




LRMC Component – change in expansion constant

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