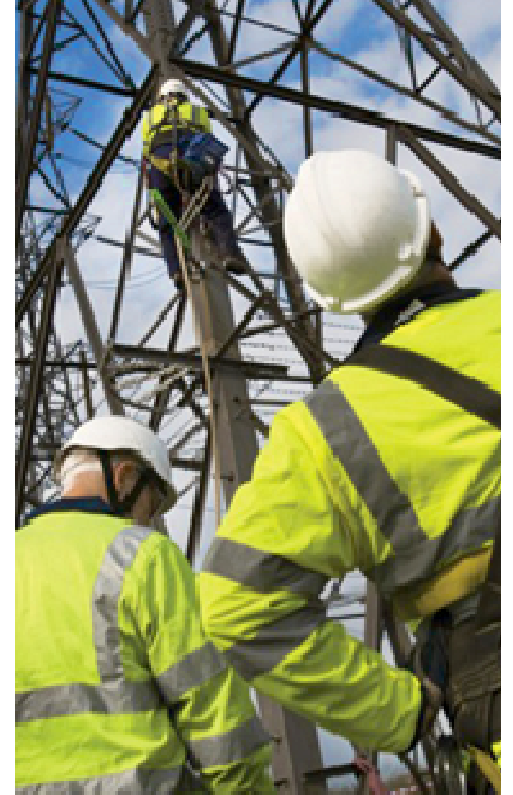# Explanation of 2009 Exit Prices

Gas TCMF 3rd September 2009
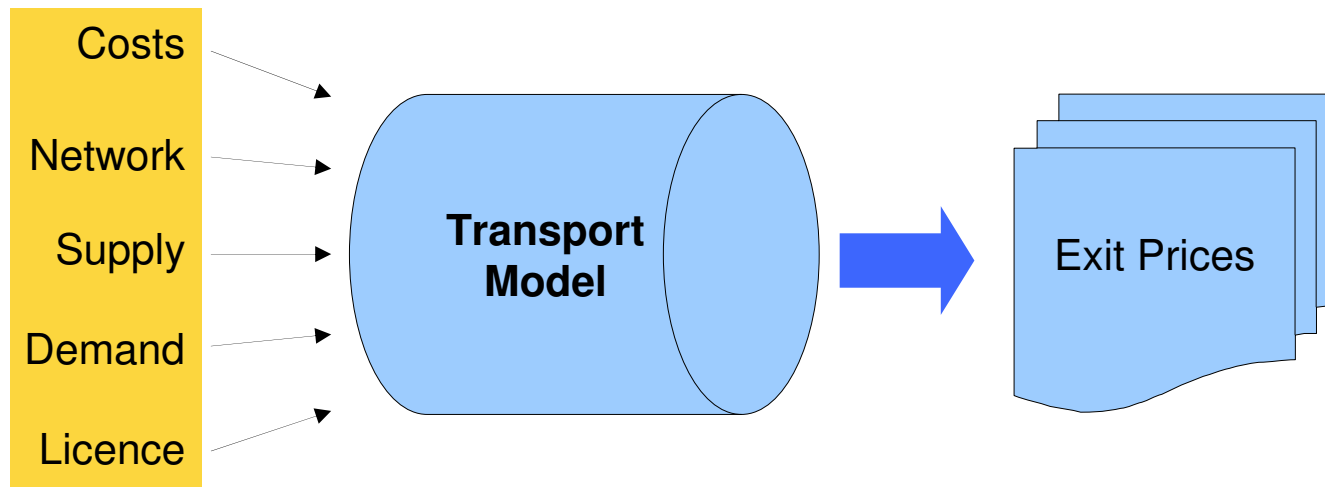

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Exit Pricing Methodology

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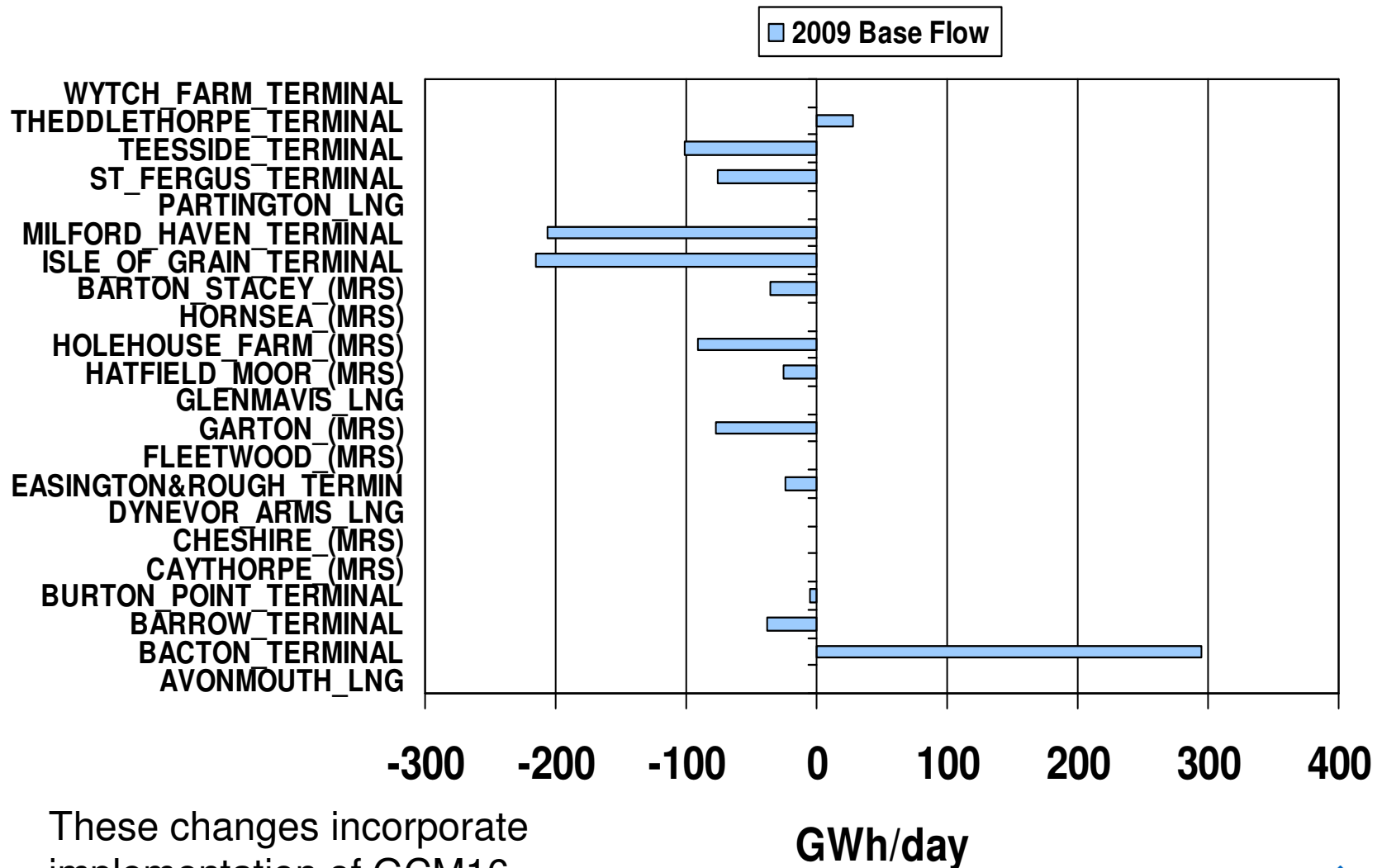 - ◆ Licence ~ Allowed TO Revenue

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Changes to Exit Price Calculation by Input Data

Factor	Units	Indicative	Actual	Change	Change %	Impact on WAP	
Allowed Rev	£m	221	212.1	-8.9	-4.0%	-4.0%	A
Expansion Factor	£/GWhkm	2320	2437	117	5.0%	- *	
Demand (& hence supplies)	GWh/day	6,075.00	5,501.60	-573.40	-9.4%	- *	
TO Exit Capacity	GWh/day	6,108.00	5,430.80	-677.20	-11.1%	12.5%	B
Average Prices	p/kWh/day	0.0103	0.0114	0.0011	10.7%	-	
Weighted Average Price (WAP)	p/kWh/day	0.0099	0.0107	0.0008	7.9%	7.9%	% 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.
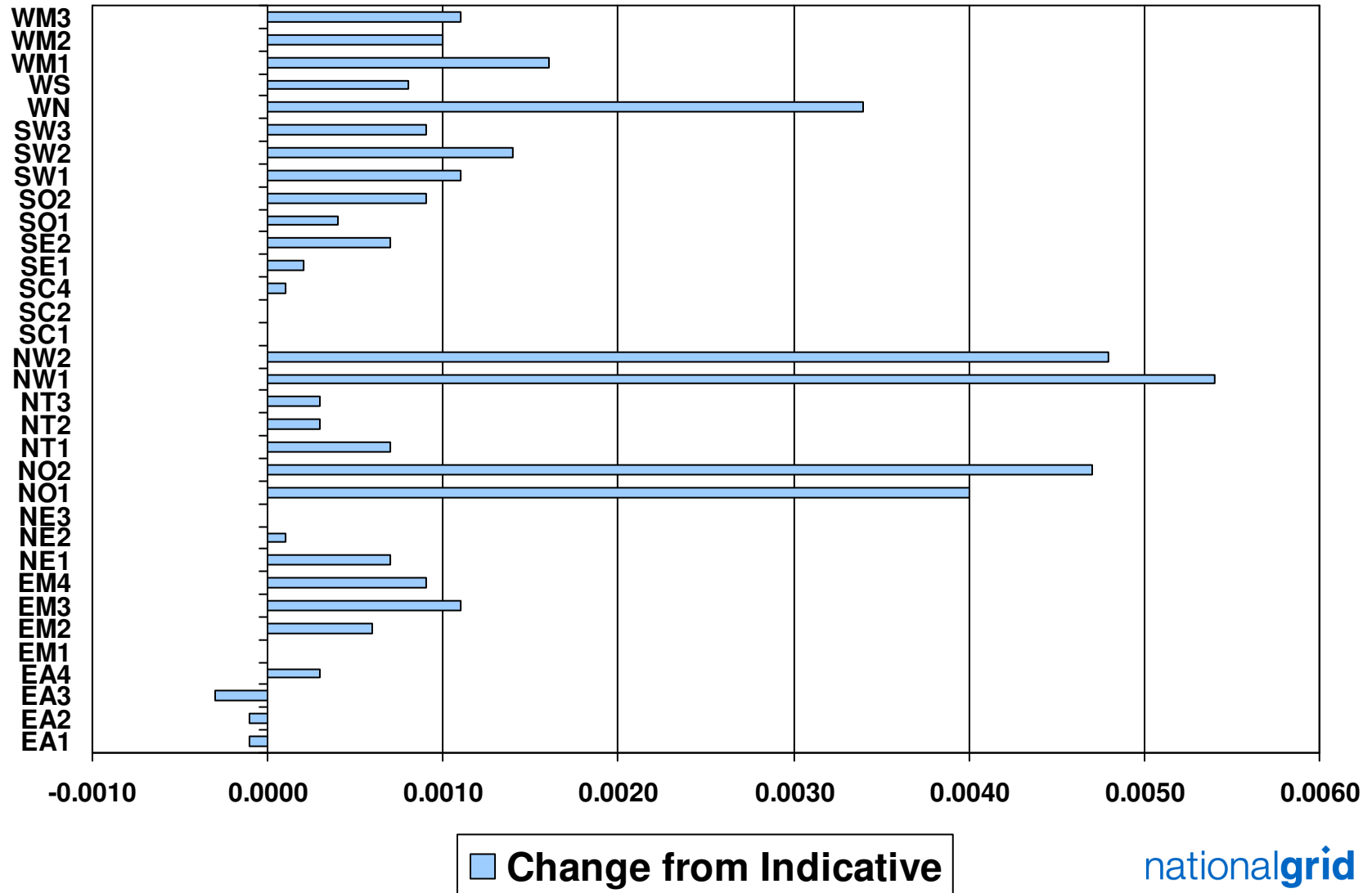
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Base Supply Changes 2009/10 Indicative (2007 TYS) to Final (2008 TYS)

These changes incorporate implementation of GCM16.

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1st October 2009 Exit Price Changes

Change from Indicative

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1st October 2009 Exit Price Changes