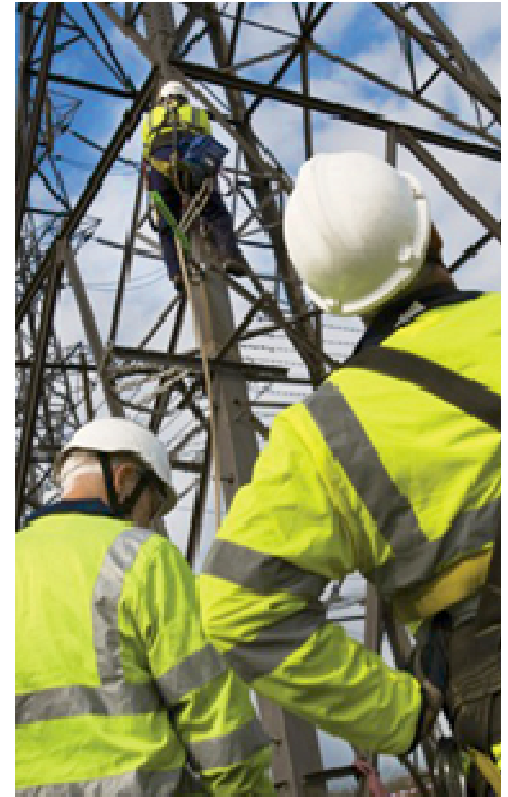


GCD 07 – Optional NTS Commodity Tariff

Gas TCMF 3 September 2009



nationalgrid

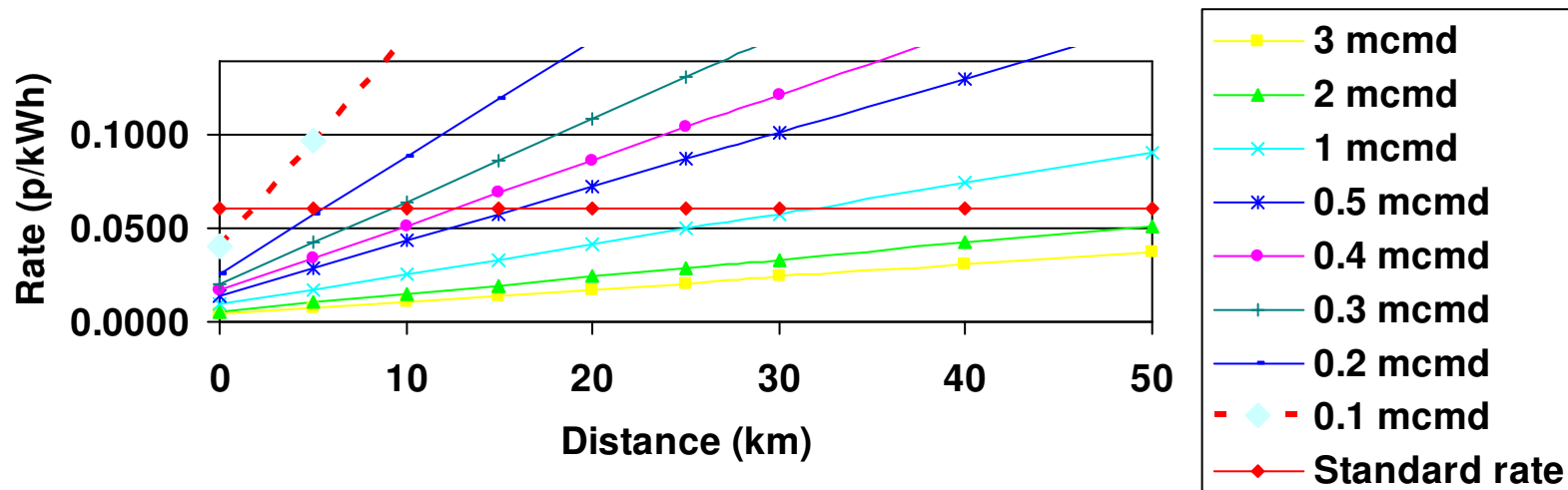
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GCD 07 – Discussion paper

- ◆ Discussion paper considers two options
- ◆ Option one - update current methodology based on construction costs of alternative pipeline to reflect latest costs.
- ◆ Option two – revise methodology to reflect SO costs relating to flows over short distances.
- ◆ Following slides show indicative rates derived under both methodologies with a selection of parameters
- ◆ Views welcomed through the discussion paper on which method is most appropriate, the parameters used in deriving a charge and the associated rules of operation.

'Short-haul' & Standard Commodity Rates - prevailing charges

'Short-haul' Rates vs Distance from Entry Point
by Exit Load Size (SOQ) **Original (includes a connection element and
10yr depreciation)**



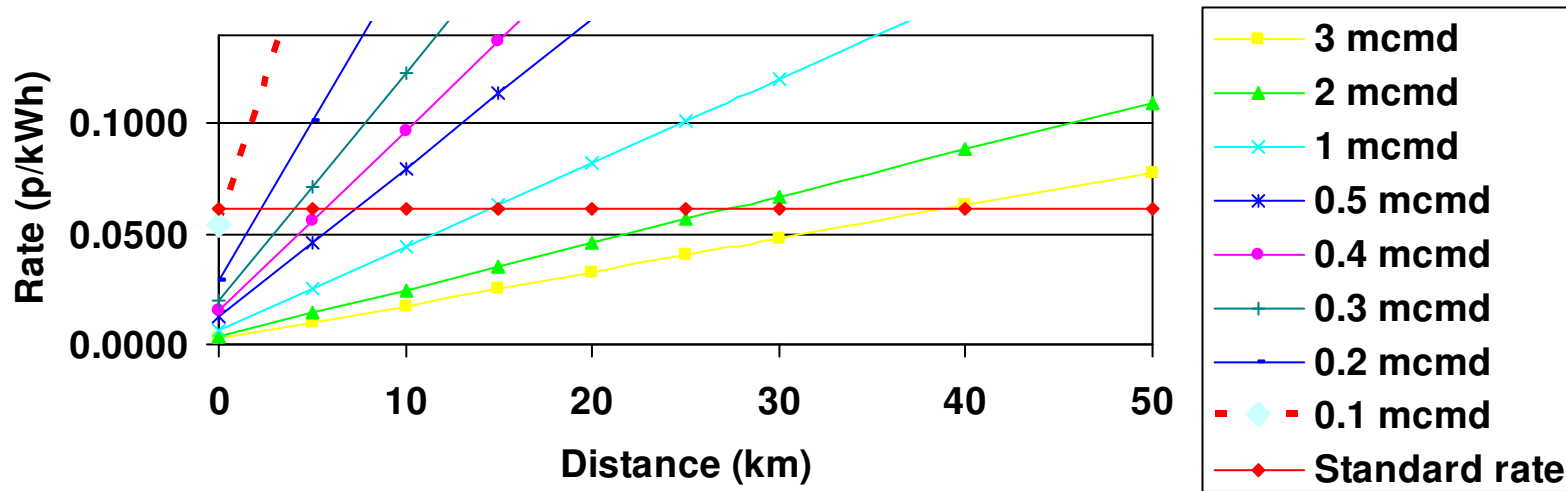
Standard Rate of 0.0611 p/kWh (as at 1/10/09) calculated as follows:

TO Entry Commodity Charge	0.0249 p/kWh
SO Entry Commodity Charge	0.0181 p/kWh
SO Exit Commodity Charge	0.0181 p/kWh
Total Charge	0.0611 p/kWh

'Short-haul' & Standard Commodity Rates

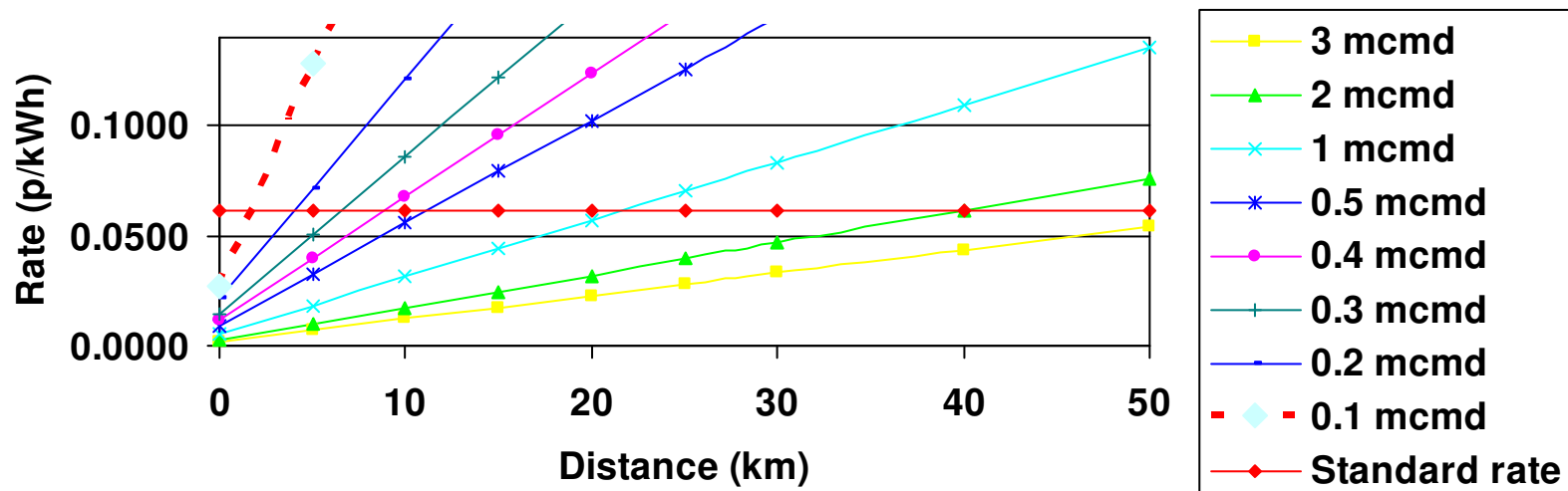
Option 1.a

'Short-haul' Rates vs Distance from Entry Point
by Exit Load Size (SOQ) **Inflate and min connection £1m,**
10yr depreciation



'Short-haul' & Standard Commodity Rates Option 1b

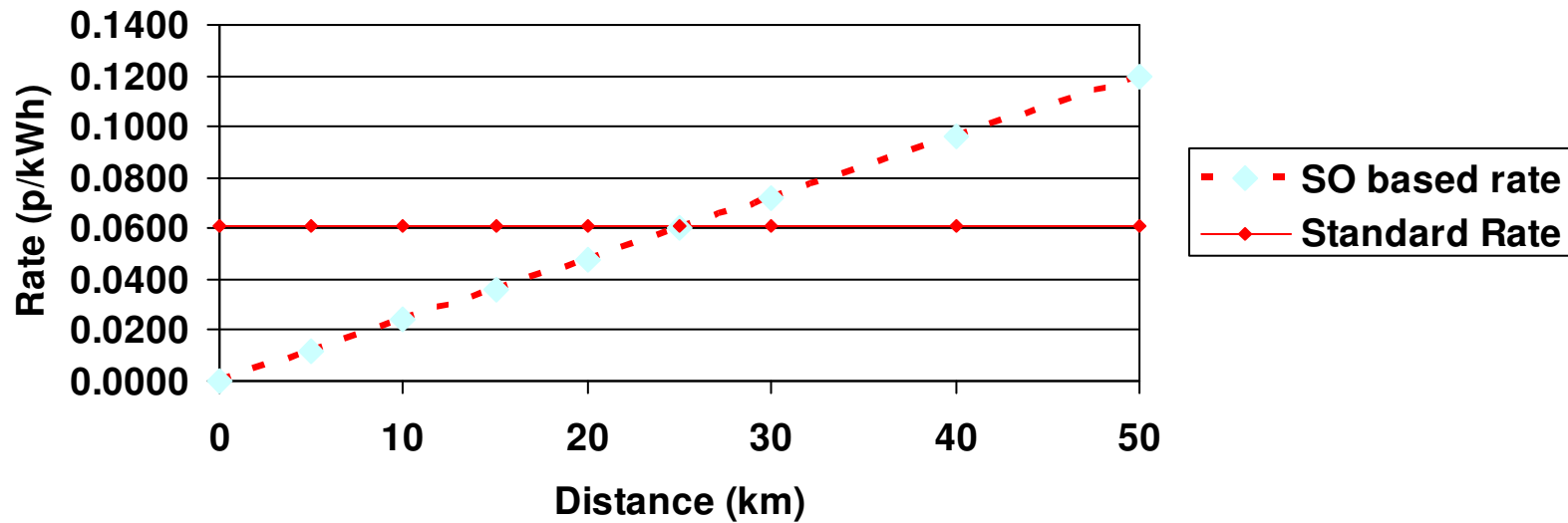
'Short-haul' Rates vs Distance from Entry Point
by Exit Load Size (SOQ) **Inflate and min connection £1m,**
45yr depreciation



'Short-haul' & Standard Commodity Rates

Option 2a – SO cost apportionment

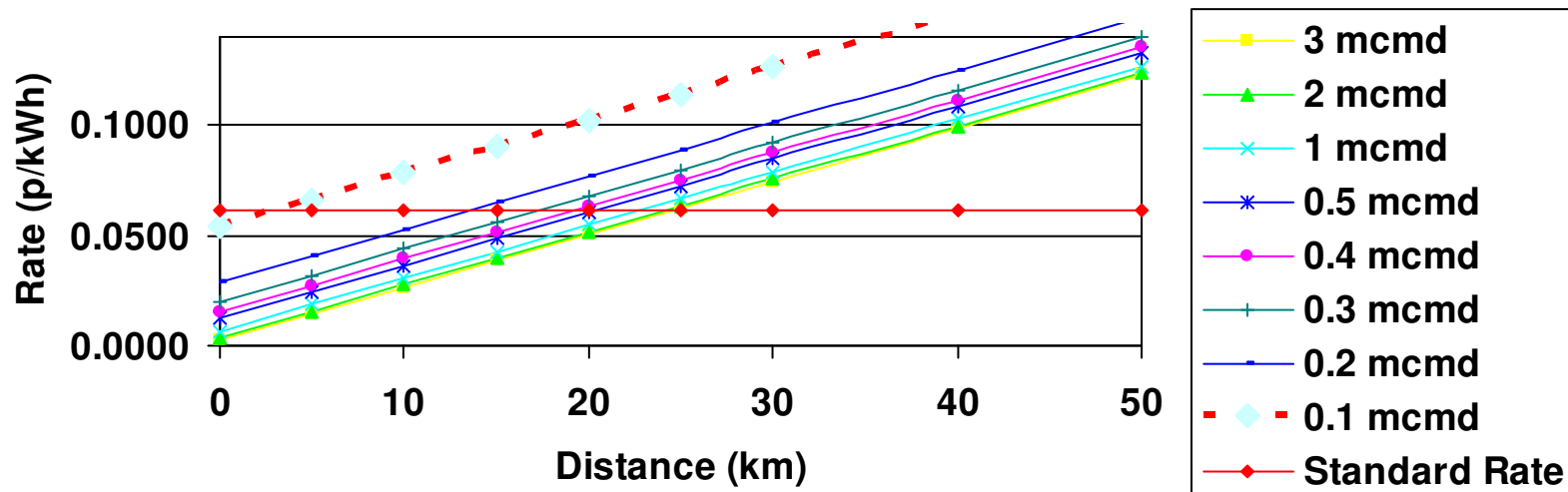
'Short-haul' Rates vs Distance from Entry Point
by Exit Load Size (SOQ) **SO Costs 0.0024p/km**



'Short-haul' & Standard Commodity Rates

Option 2b – SO cost apportionment plus min charge

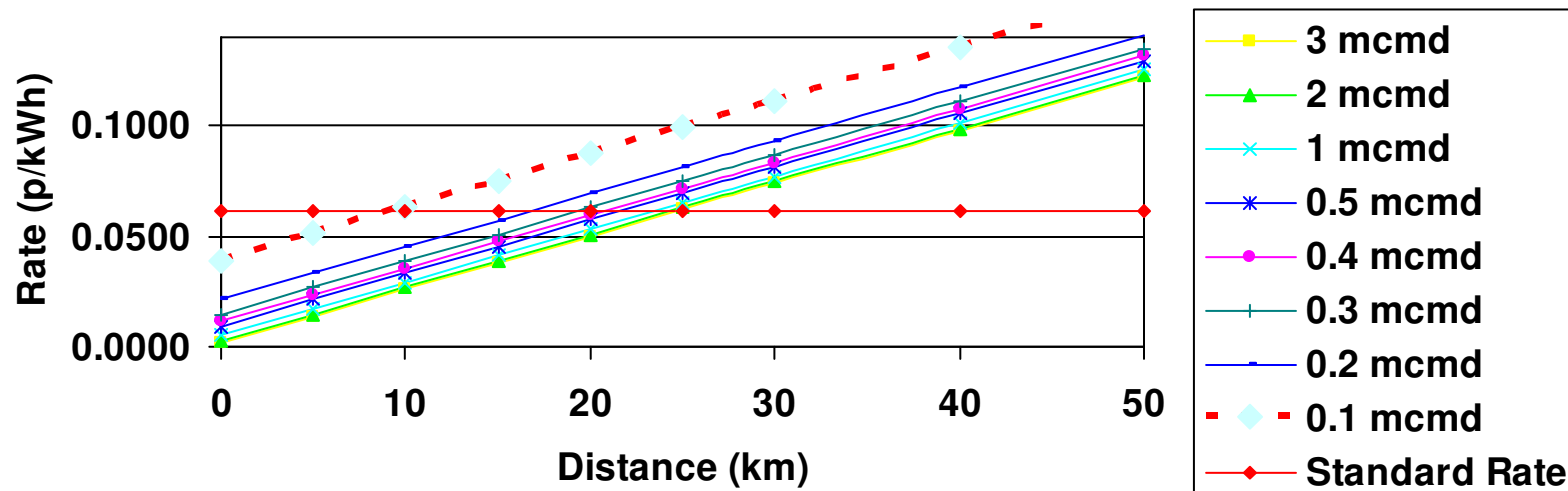
'Short-haul' Rates vs Distance from Entry Point
 by Exit Load Size (SOQ) **SO costs 0.0024p/km plus min conn £1m ,
 10 yr depreciation**



'Short-haul' & Standard Commodity Rates

Option 2c – SO cost apportionment plus min charge

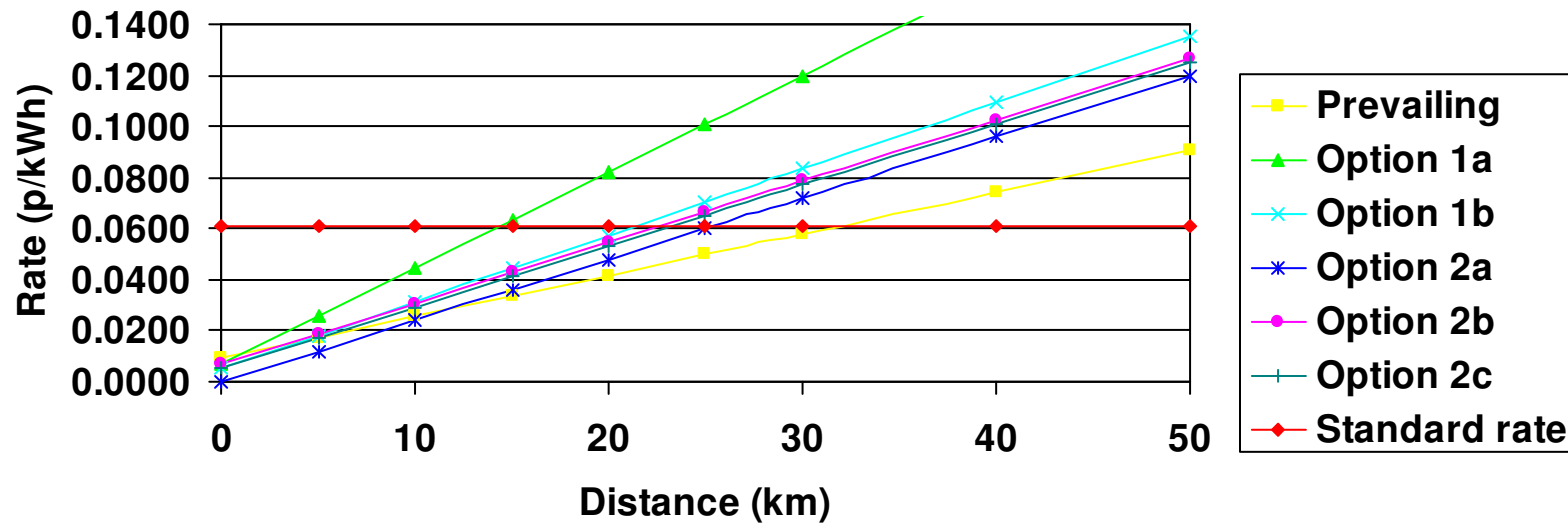
'Short-haul' Rates vs Distance from Entry Point
 by Exit Load Size (SOQ) **SO costs 0.0024p/km plus min conn £1m,
 45 yr depreciation**



'Short-haul' & Standard Commodity Rates

Comparison of rates under options for 1mcmd load

'Short-haul' Rates vs Distance from Entry Point
by Exit Load Size (SOQ) (example for 1 mcmd)



Next Steps

- ◆ Issue discussion document following comments on draft.
- ◆ Comments on draft appreciated by 11 September.