



# Updated Consultation Paper NTS GCM 13

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Gas TCMF  
8<sup>th</sup> January 2009

**nationalgrid**

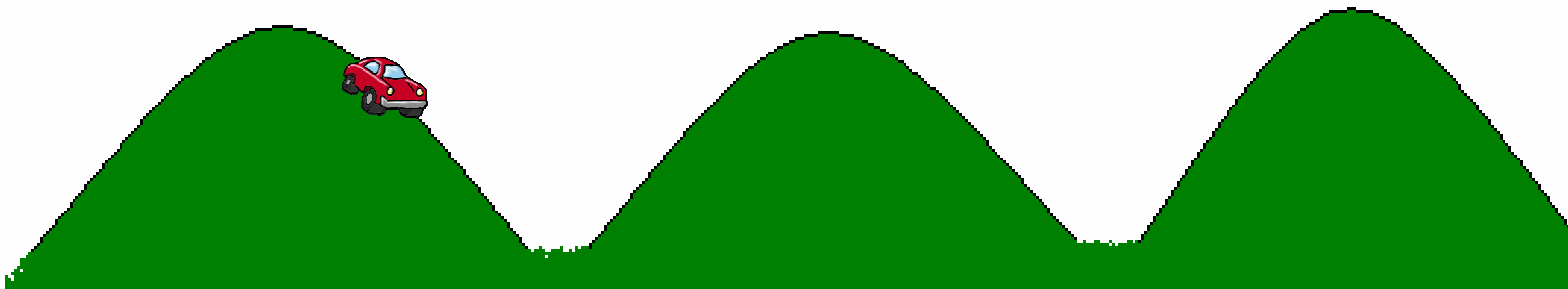
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# Original GCM13 Proposal

**This proposal, NTS GCM 13, was raised because National Grid foresaw volatility in future NTS Exit Prices, caused by the misalignment of gas year and formula year,**

- ◆ i.e. prices would rise and then fall on an annual basis,

**based on industry feedback about charge volatility we looked for ways that this could be dampened i.e. an exit capacity price change from 01 April 2009.**

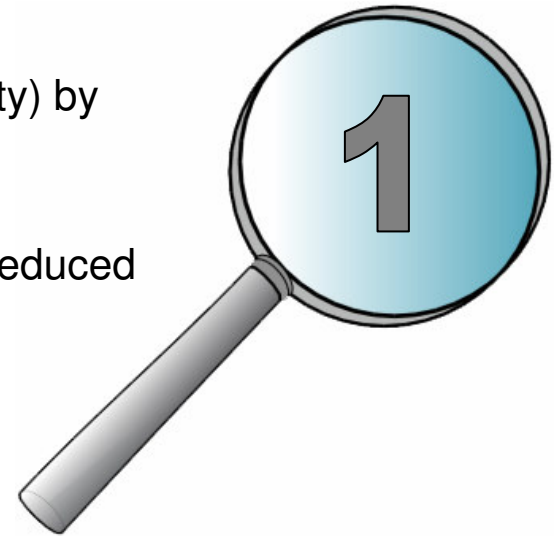


# Clarification 1

**Following the recent AQ Review, SOQs have fallen reducing NTS exit charge revenue from 01 October 2008 and hence also reducing charge revenue from 01 April 2009.**

**As a result, National Grid no longer considers an Exit Price reduction from 01 April 2009 to be required as the fall in SOQs should remove volatility of prices.**

- ◆ We were seeking to reduce charges (Price X Quantity) by reducing prices.
- ◆ Charges will reduce as the quantities (SOQs) have reduced



## Clarification 2

**The term “potential one-off” was used because at the time of initial publication of GCM13 National Grid did not foresee making regular April Exit Price changes after April 2009, based on anticipated allowed revenue and exit capacity.**

**However we recognise that future circumstances may reintroduce exit price volatility,**

- ◆ e.g. the start of the next price control from 01 April 2012 or other unforeseen changes in allowed revenue, and hence warrant such a change.



## Clarification 3

**This proposal is seeking Ofgem's approval to make a change to the Charging Methodology such that if Exit Prices were changed in any April, the prices could be recalculated without updating the supply data from that used in the previous October.**

**This would result in a constant adjustment to all Exit Prices (except where the minimum price would apply) rather than causing some prices to increase and some to decrease as per the prevailing methodology.**



# Closing Date for Submission of Responses



In light of the clarification note issued 24 November 2008 and discussions at the 4<sup>th</sup> December Gas TCMF the closing date for the submission of responses has been extended to:

**16<sup>th</sup> January 2009**