

GCM 04 Final Proposals

Introduction of NTS Exit (Flexibility) Capacity Charges

Gas TCMF

5th April 2007

NTS Exit (Flex) Capacity Price Proposal

- ◆ Zero Flex Capacity Reserve Price at all NTS Exit (Flexibility) Zones for annual and daily auctions
- ◆ No Target TO Revenue associated with Flex

GCM04 Conclusions Timeline

Steps	Date
Representations closed out	23 rd March 2007
Consultation Conclusions report available in draft	5 th April 2007
Ofgem publish decision on NTS Exit Reform	5 th April 2007
Align draft conclusions report to Ofgem decision	[11 th April 2007]
Standard 28 day Ofgem veto period expires	[9 th May 2007]
Notice of Exit (Flexibility) Reserve Prices (if not vetoed)	[10 th May 2007]
First Annual Auctions of Exit (Flexibility)	[July 2007]
First Daily Auctions of Exit (Flexibility)	[1 st October 2010]

Industry Views (published *)

Industry Body	Respondent	Abbr.	View
Shipper	E. ON UK plc	EON	Supports zero reserve price
Shipper	Statoil (U.K.) Limited	STUK	Supports zero reserve price
Shipper	Scottish & Southern Energy	SSE	Supports zero reserve price
Shipper	EDF Energy	EDF	Unable to support (Support in principle)
Transporter	Scotia Gas Networks	SGN	Supports zero reserve price
Transporter	National Grid Distribution	NGD	Supports zero reserve price

* <http://www.nationalgrid.com/uk/Gas/Charges/consultations/CurrentPapers/>

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NTS Exit (Flexibility) Zero Reserve Prices – Conclusions report

- ◆ Respondents did not signal support for Flexibility Product / Auctions
- ◆ No objections to the principle of zero reserve prices. Supported by 5 out of 6 respondents.
- ◆ National Grid NTS to align report to Ofgem decision on NTS Exit Reform and, publish/submit asap if July 2007 flexibility auctions are going ahead.