

# NTS Exit Reform

Interim Overview

DISG 25, 9<sup>th</sup> November 2004

# Overview

- Proposed Reforms Apply from 2008
  - Opportunities to obtain NTS Exit Capacity and Diurnal Flexibility from summer 2005
  - Products obtained for use in 2008 onwards
  - Billing arrangements apply from 2008
- Interim arrangements will apply from May 2005 to 2008

# Granularity

- NTS Exit Capacity and
- Diurnal Flexibility

- NTS Exit Capacity and Diurnal Flexibility offered through three types of allocation
  - Long Term (years +3 to +n) - Unconstrained
  - Medium Term (years 0 to 2) - Constrained
  - Short Term (Day Ahead and Within Day)
- For products to be used in 2008 our proposal is:
  - First opportunity to demand long term in summer 2005
  - First opportunity to obtain medium term in summer 2006
  - Second opportunity to obtain medium term in summer 2007
  - Opportunities to obtain short term during 2008

**Table 1: Potential implementation timetable for NTS exit capacity release**

<b>Time at which capacity rights made available</b>	<b>Type of rights and year in respect of which rights apply</b>					
	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11
Summer 2005	Interim arrangements	–	–	New long term rights release (Interim system support)	New long term rights release if (Interim system support)	New long term rights release (interim system support)
Summer 2006	x	Interim arrangements	–	New medium term rights release (Interim system support)	New long term rights release (Interim system support)	New long term rights release (Interim system support)
Summer 2007 Full system functionality available	x	x	Interim arrangements	New medium term rights release	New medium term rights release	New long term rights release
Summer 2008	x	x	x	New short term rights release	New medium term rights release	New medium term rights release

# Interim Arrangements

## - Two Options Under Consideration

### Case A

- DN registration of Capacity.
- DN Payments to NTS.
- Revised Pricing Methodology to reflect payments from DN shippers to DN.
- Change closer to objective of “independent” DN.

### Case B

- DN allocated baseline capacity
- Shipper registration of capacity at supply point (including in DN)
- Shipper payments to NTS or DN for NTS Exit Capacity
- Minimal change option

**In both cases the Implications are being explored**

In both cases, Incentives act on NTS and DNs  
for efficient release and demand of capacity

# Our View

- NGT recommends that the proposed reforms should be progressively introduced for use from 2008.
- NGT proposes to clarify its proposals for the interim arrangements during the “Commercial workstreams” that will be completed during December 2005.
- Views are welcomed on.
  - Introduction of enduring arrangements for use from 2008 and.
  - The appropriate interim arrangements.