TPCR Third consultation Exit Transitional Baselines

EOWG, 3rd May 2006

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Initial Thoughts on Enduring Offtake - February 2005

Within the Initial Thoughts document, Ofgem presented in Appendix 1 offtake specific data comprising :

- 1 in 20 Firm
- 1 in 20 Firm + Interruptible
- Practical Max Phys
- Theoretical Max Phys

All the data was based on the 2005 plan assumptions

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TPCR 3rd Consultation document – March 2006

Within the 3rd Consultation document, Ofgem presented in Table A12.1.1 offtake specific data comprising:

- GDN baseline data for flat capacity
- TCC data for NTS exit capacity
- 1 in 20 data

All the data was based on the 2006 plan assumptions

… emphasis moved to "practical maximum physical"

… discretion about attribution of spare capacity above firm 1 in 20

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Main differences between the data

The major differences between the two data sets are based on assumptions about:

- Interruptible sites
- Potential new exit points
- Base plan assumptions around distribution of exit capacity over offtakes

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Main Assumptions and implications

"Baseline" dual roles

- Revenue driver purposes:
  - Only assume for exit will apply in SWQ and for large discrete exit points (on the basis that entry will fund any required investment)
- Obligations to release capacity:
  - As baselines are set in general above current 1 in 20 firm levels, how do you allocate (spare) capacity?
    - On entry, proposing to deal with this via Capacity release methodology
    - On exit, if setting baselines fixed for five years, need to agree apportionment – current figures based on providing to interruptibles but there are other ways

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Discussion

EOWG to discuss pros and cons of:

- Capacity release methodology
- Fixed baselines
  - How to allocate (spare) capacity?
  - Implications of substitution obligation?

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