

Gas Transmission Charging Review

Stakeholder Event

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08/07/13

ofgem

Gas Transmission Charging Review

Introduction and Overview to the GTCR

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Agenda

- Background
- Issues
- Objectives
- Scope
- Response to the call for evidence
- Next steps

Background

- Transmission charges generally fall into one of two categories – capacity charges and commodity charges
- Changes in market fundamentals are driving changes in revenues being recovered from these charges
- NGG needs to recover allowed revenues. Falling capacity sales have meant increasing commodity charges.

Issues

- Some stakeholders express concern with the level of the commodity charge
- Commodity charges impact cross-border flows
- GB need to change the arrangements to comply with forthcoming European law

Objectives

- Amongst other things charges should promote efficiency, facilitate competition and avoid discrimination as well as allow NGG to recover allowed revenues
- We need to review charges to ensure they:
 - promote value for money and security of supply
 - are compliant with European law
 - avoid undue discrimination between interconnection points and domestic points

Scope

- We want your views on the scope of the review
- That said, issues out of scope are:
 - Allowed revenues (RIIO-T1)
 - Connection charges and arrangements
 - Non-charging issues

Responses to the Call for Evidence

- We welcome all your views and evidence
- We particularly value your input on:
 - any issues relating to charging, including those not discussed today
 - our priorities for the review
 - the options we should consider

Next steps

- The deadline for formal responses is COP Monday 16 September 2013
- We will publish all non-confidential responses thereafter
- We are also happy to hear all views through other media, eg bilateral meetings
- We will consider our next steps and update stakeholders in the Autumn

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Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.