

Gas
Transmission

NTSCMF

7 February 2023

Action 0104

nationalgrid



Overview

Action 0104: National Grid to provide high level indicative exit capacity prices for 2024

Assumptions underpinning the data:

- Using the same basis as the modelling used to produce October 2022 final prices.
- Recovered Revenues are adjusted in line with three scenarios to produce an End of Year estimate, that can then provide a revenue recovery position to adjust the next years revenues to calculate an indicative reserve price from October 2023.

These values are estimates

- The scenarios shown in the following slides are estimates and actual values will change.
- The provision of these are to illustrate the sensitivity of the Exit Price calculation to various recovery positions, noting the current overcollection on Transmission Services Exit relative to forecast for the current Regulatory Year ending March 2023.

Exit Capacity FY23 Overrun Scenario Forecasting

3 scenarios forecast for potential EoY Exit Capacity over-run forecast.

Take current overrun position as at Dec 22 (£198m) and account for the additional months (Jan – Mar) based on:

Scenario 1: £220.8m over-collection FY22.

- The average additional capacity purchased (above forecast) across Oct – Dec to calculate revised monthly forecast of capacity sold, multiplied by the WAP of Exit Capacity to calculate new forecast of capacity revenues;
- The applicable long term auction premium in place for Jan – Mar (c£1.2m per month)
- No additional short term auction premiums.

Scenario 2: £234.2m over-collection FY22

- As above, but short term auction premiums based on the average daily auction premiums collected across the period April to September (c£4.5m per month)

Scenario 3: £326.3m over-collection FY22

- As above, but short term auction premiums based on the high auction premiums collected in October 22 (c£35m per month)

Exit Capacity FY23 Overrun Scenario Forecasting

These over-recovery positions used to set the forecast of over-collection for the current Gas Year in the allowed revenues model to work through impacts on allowed revenues for Y+1 (Oct 23) to run through the Tx Model to provide indicative prices.

	Forecast Over-recovery	Current Price	Oct 23	Oct 24	Oct 25	Oct 26
Scenario 1	£220.8m	0.0218	0.0119	0.0258	0.0234	0.0247
Scenario 2	£234.2m	0.0218	0.0110	0.0260	0.0234	0.0247
Scenario 3	£326.3m	0.0218	0.0053	0.0272	0.0231	0.0247
Indicative Prices Only						

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