

ECN Rate Worked Example

| ECN Rate Worked Example | | Network 1 | Network 2 |
|---|---|--------------------|--------------------|
| Description | Calculation/source | Value | Value |
| NTS Exit Capacity Rate | NTS published PS Charge | £0.0198 | £0.0198 |
| Exit Capacity volume for a network | Network Capacity Bookings (volume) | 2,750,000,000 | 4,000,000,000 |
| Exit Capacity Costs | PS Charge x Volume | £54,450,000 | £79,200,000 |
| NTS Cost Adjustment (2 lagged adjustment) | 2 years prior difference between ECN Allowed Revenue minus Actual Costs | £(12,450,000) | £(16,000,000) |
| ECN Allowed Revenue (ECN AR) | NTS Cost Adjustment + Exit Capacity costs | £42,000,000 | £63,200,000 |
| Average SOQ per network | Average SOQ values for network provided by Xoserve | 57,170,382 | 54,495,354 |
| Average SOQ per Exit Zone | Average SOQ per Exit Zone values provided by Xoserve | 3,105,368 | 1,454,609 |
| Target Revenue at offtake | ECN AR / Average SOQ per network x Average SOQ per Exit Zone | £2,260,044 | £1,953,880 |
| ECN Rate | Target revenue / 365 / Average SOQ per exit zone | £0.0020 | £0.0037 |

Please note this is just an example and not the actual rate to be used for 2021/22

The below is an extract from a decision letter provided by Ofgem surrounding the ECN Charge:

'The level of the LDZ ECN charges across Exit Zones will be set each year to reflect the forecast average unit NTS exit capacity costs for capacity at NTS/LDZ Offtakes within each Exit Zone for the forthcoming year plus or minus the appropriate K ECN under or over recovery.'