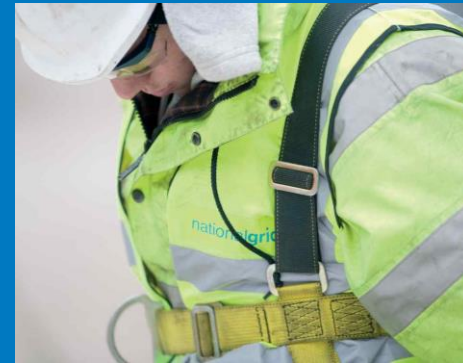


'Updated Forecast' in TYS 2016



NTSCMF – 6 December 2016

Comparison of Gone Green and Updated Forecasts

Introduction

- In setting the Gas Transportation charges one of the inputs is the supply/demand scenario
- Gone Green (GG) has been used for a while
- GG assumes we meet the environmental targets in 2020 and progress to UK's 2050 carbon emissions reduction target.
- Ofgem[#] has said GG was “an overly optimistic scenario”
- Listened to our stakeholders via FES process
- Stakeholders are saying that they believe the Slow Progression to be most realistic.

[#<https://www.ofgem.gov.uk/publications-and-updates/letter-national-grid-2016-network-options-assessment-methodology-review-and-related-direction>](https://www.ofgem.gov.uk/publications-and-updates/letter-national-grid-2016-network-options-assessment-methodology-review-and-related-direction)

What is the Updated Forecast?

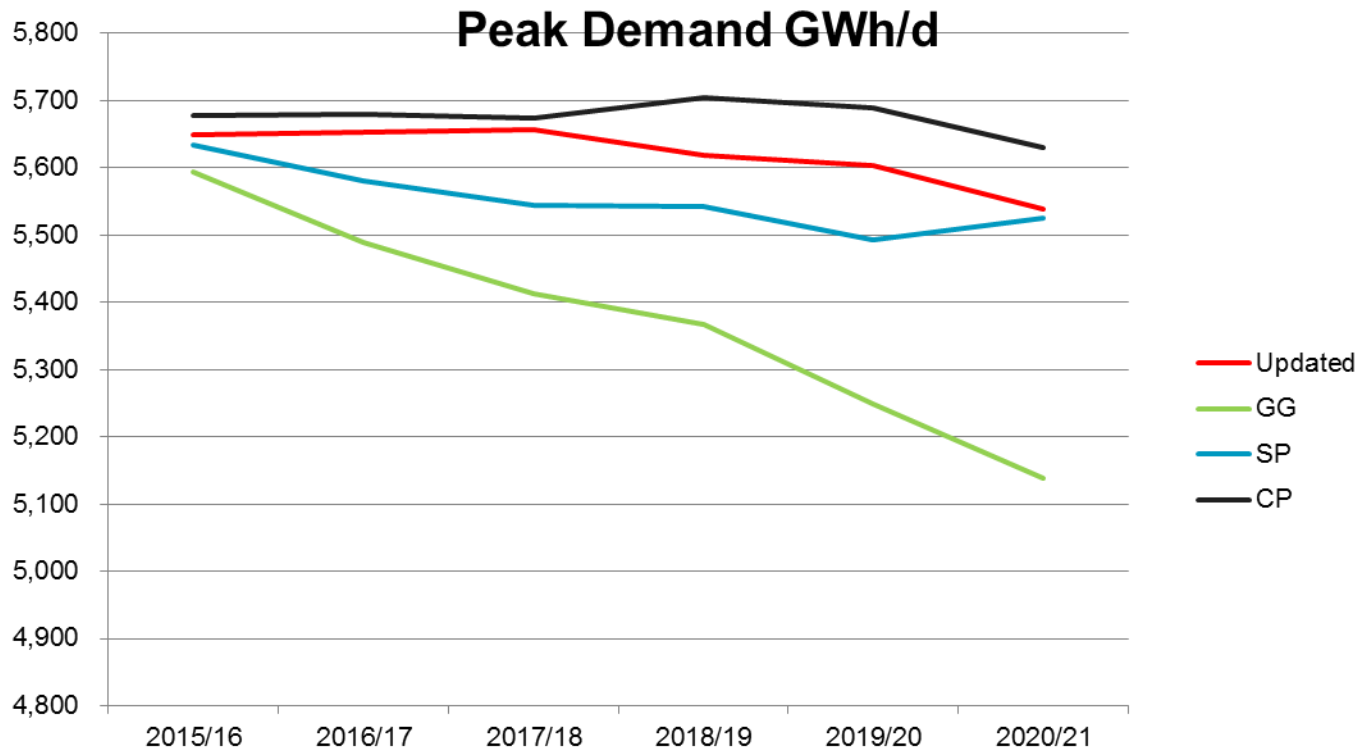
- It has been produced in line with FES methods ie incorporates feedback from FES
- It takes a single view of the short term, looking at history, market trends, expected closures etc
- Table below : shows the assumptions where there are differences between GG and the UF (see the FES document for detail of definitions of each scenario)

	Gone Green	Updated View
Support for renewable generation	High	Low
Wholesale prices	High	Medium
Power Stations	High wind etc low gas/coal	Market Intelligence by PS
New sources shale/CCS etc	Low shale, high CCS	none in 5 yr period

Introduction - Updated Forecast (UF)

- An update to the Future Energy Scenarios was undertaken in September in preparation of our Winter Outlook report. This updated forecast has been included in this years' Gas ten Year Statement (GTYS).
- This is a shorter term view of the current trajectory of energy supply and demands.
- FES is providing credible range of LT scenarios
- Proposing to move to the Updated Forecast in setting charges
 - Capacity and Commodity
- On the next slide we show Peak Demand comparisons

How does the UF fit with other FES nationalgrid scenarios?

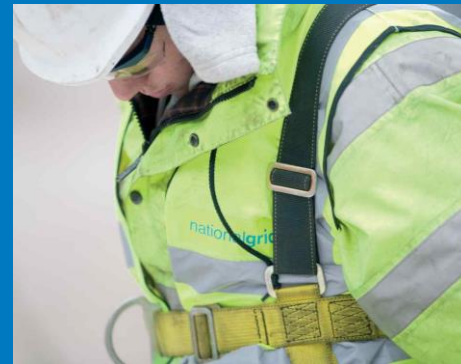


Summary and what will happen next

- Having the forecast used in setting charges based on the Updated Forecast will reflect more short term expectations of changes in supply and demand
- Ambition is to provide more stability in the supply / demand and hence prices
- Will be used in the production of charges and therefore seen in next QSEC, Commodity and Exit Capacity charges
- As with any change this will be kept under review

Contact us:

box.transmissioncapacityandcharging@nationalgrid.com



Colin Williams
Charging Development Manager
Tel: +44 (0)1926 65 5916
Mob: +44 (0)7785 451776
Email: colin.williams@nationalgrid.com

Karin Elmhirst
Senior Revenue Analyst
Tel: +44 (0)1926 65 5440
Mob: +44 (0)7818 011310
Email: karin.elmhirst@nationalgrid.com