

VERMILION
ENERGY



FCC analysis
Input for discussion at NTSCMF
Henk Kreuze 22 Sep 2017



Agenda

- **General idea**
- **Input parameters for further analysis**
- **Outcome for entry**
- **Outcome for exit**
- **Observations**



General idea

- **Use X% of Obligated Capacity Levels for entry**
- **Use Y% of Obligated Capacity Levels for exit**
- **X and Y to be determined at such a level, that under / over recovery of allowed Transmissions Services Revenues (for entry respectively exit) are minimal**

Input parameters

Parameter	Value	Value
Gas year	2017/18	
Revenues	GBP 788 mln	
Entry/exit split	Entry 50	Exit 50
Scenario	Obligated Entry Capacity (100%)	Obligated Exit Capacity (100%)
Removes revenue and capacity existing contracts	Yes for entry	n.a. for exit
Multipliers	All 1	All 1
Discounts	50% for storage	50% for storage
Prob. of interruption	0% entry	0% exit
Booking split	100% yearly	100% yearly
Adjustments	Type: Revenue *) No adjustment existing contr.	Type: Revenue *)
Expected bookings	Max (Existing, Historic flow)	GDN: Obligated Rest: Historic Flow

*) as applicable in the NG model

Outcome for entry

	Value
Reference run	
Income capacity booking existing contracts	GBP 78 mln
Expected income capacity booking new bookings	GBP 60 mln
Recovery via commodity all entries	GBP 256 mln
Total income	GBP 394 mln
Capacity/Commodity split	35%/65%
Rerun with % x FCC as input for the model to exclude commodity income	
X percentage	31%
Income capacity booking existing contracts	GBP 78 mln
Expected income capacity booking new bookings	GBP 316 mln



Outcome for exit

	Value
Reference run	
Expected income capacity booking	GBP 273 mln
Recovery via commodity all exits	GBP 121 mln
Total income	GBP 394 mln
Capacity/Commodity split	69%/31%
Rerun with % x FCC as input for the model to exclude commodity income	
Y percentage	69%
Expected income capacity booking	GBP 394 mln



Observations

- Entry
 - Existing contracts play important role
 - Only new bookings for 8 entry points (out of 26)
 - Outcome X% (31%) sensitive on assumed booking level
 - Not clear how adjustment via “Revenue” effectively works. 31% not aligned with income new bookings increase by factor 5 (we had expected 19% outcome)
- Exit
 - More robust outcome, compared to entry

VERMILION
ENERGY



Thank you for your attention

