

Effect on NTS revenue recovery

Analysis of the prices from the model for Modification 0621 for October 2019 and October 2021 prices shows that the variation between the highest and lowest prices for Enduring Firm Exit Capacity are as shown in the table below. As would be expected the variation in prices between offtakes within an LDZ is less than across GB.

Enduring Firm Reserve Price for Yearly Standard Capacity (p/kWh/d)	Oct 2019 all offtakes (LDZ DC and storage)	Oct 2019 SW LDZ offtakes	Oct 2021 all offtakes (LDZ DC and storage)	Oct 2021 SW LDZ offtakes
Max	0.0186	0.0186	0.0344	0.0344
Min	0.0044	0.0107	0.0073	0.0216
Ratio	4.239	1.733	4.738	1.594

If 10% of the capacity at the most expensive SW LDZ (Lyneham (Choakford)) offtake moved to the cheapest (Evesham) the effect on the revenue recovered would fall by 1%.¹ In a conference call with NTS on 14th November they expressed concern that allowing changes in Annual NTS Exit (Flat) Capacity for Y+1 could have an effect on NTS exit revenue recovery leading to under of over recovery. We have therefore removed Y+1 from the proposed Capacity exchange process.

¹ See 621 - Transmission Services CWD Model v2.3_0 used for 0671 Oct 19 exit prices.xls and 621 - Transmission Services CWD Model v2.3_0 used for 0671 Oct 21 exit prices