

6<sup>th</sup> December 2018

# Wales & West Utilities

## Mod 0671 User Commitment

### Action 1101



## DN NTS exit capacity charges

- WWU has NTS exit capacity allowance set in its licence
- Charges are set to recover this each year through DN transportation charges
- If there is under or over recovery the difference is recovered / returned two years later
- These are passed through (not subject to Totex sharing arrangement)

# Exit capacity incentive

- DNs have licence obligation to meet demand that would be experienced 1 day in 20 winters
- DNs incentivised to minimise exit capacity charges
- WWU keeps 63.1% of any benefit realised

# Materiality

- Effect on costs would be:
- Capacity moved \* difference in Exit Capacity Charge
- Our expectation is that amount of capacity moved would be small compared to total at each offtake
- Prices will be determined by new NTS charging methodology introduced by 0621 or one of the alternatives