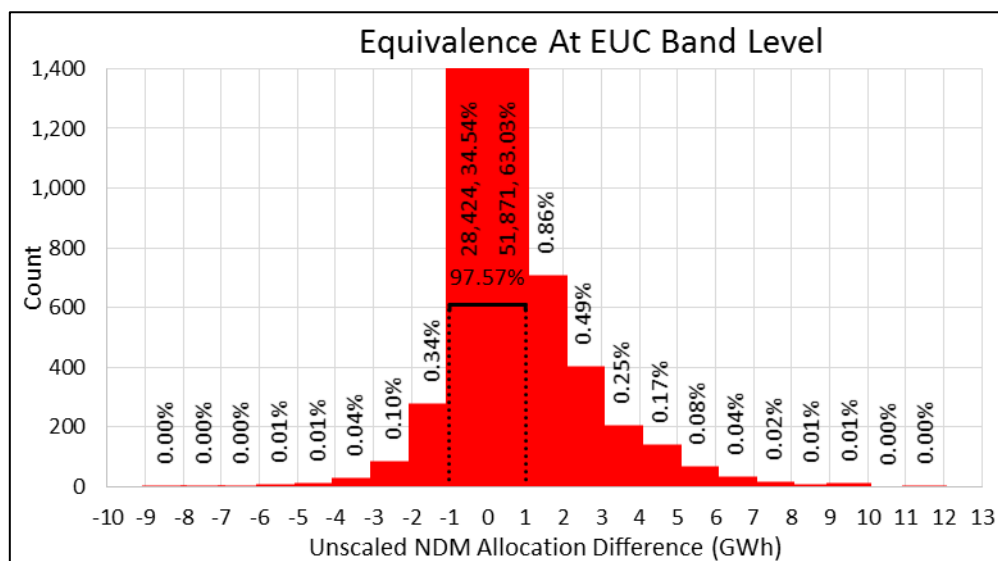


Equivalence of Pre- and Post-Nexus Allocation Formulae

To check whether there will be a material change in the level of allocated gas a comparison between the unscaled Pre- and Post-Nexus formulae is needed. The unscaled Pre-Nexus formula is the same as setting SF equal to 1 and the equivalent Post-Nexus unscaled formula is setting UG equal to 0. The expectation is that the two formulations should be approximately the same giving,

$$0 \approx \frac{AQ}{365} \times ALP \times [(1 + DAF_{Pre} \times WCF_{Pre}) - (1 + DAF_{Post} \times WCF_{Post})].$$

For non-zero AQs at EUC band level 97.57% of the calculated differences are between ± 1 GWh.



This large percentage of results being around zero indicate strongly that the two formulations of NDM allocation are equivalent to each other and there should not be a large step change when Nexus goes live on 1st June 2017.

At LDZ level, 86.67% of the differences are between ± 3 GWh.

