



"Freeman, Mark J"
<Mark.Freeman@corpo
rg.net>

Distribution List Not Shown
Subject: FW: RG 0166 - FAO JB

18/09/2007 19:32

Trying to Achieve

- DNs receive availability and price signals to be able to demonstrate economic and efficient investment
 - DNs able to trade off investment with alternative capacity products e.g. interruption and between different offtakes

- NTS receive requirement and price signals to be able to demonstrate economic and efficient investment
 - The benefits of the new regime outweigh the costs
 - The new regime is not unduly complex and therefore not unduly onerous or costly from either a Planning or Operational perspective

- The services provided are not unduly discriminatory

Key Issues

- User Commitment
 - What is the appropriate level of commitment - 4 years (Mod 0116) or 1 year ARCA (present arrangements)
 - What has changed to warrant the move from 1 to 4 years ?
 - For small loads/incremental growth user commitment = DN commitment
 - Need firm charges for NTS capacity at time of booking (or at least recognized as such for incentive purposes)
 - DN obligations for new connectees could be mirrored in NTS exit obligations (minimise DNs investment risk)
- Discrimination
 - Is it a real issue or are DNs and Direct-Connects sufficiently different to warrant different services
 - Is the present regime (unduly) discriminatory ?
 - Mod 0116 concentrated on discrimination at the NTS/offtake interface but what about discrimination between NTS-connectees and DN-connectees e.g. new connectee at DN not subject to flow flex charges

- Flow flexibility
 - Is it a scarce product or does Mod 0116 create artificial scarcity ?
 - Does 22:00 really reflect time of linepack depletion on NTS (rather than minimum stocks in DN) ?
 - How do entry flows affect availability of flow flex ?
 - Flow flex as defined in Mod 0116 does not take account of within day demand changes
- Constraint Management
 - Interruptible product of limited use to DNs (DNs have 1 in 20 obligation)
 - What is the likely frequency of NTS buybacks ?
 - How will DNs price buy-backs? Can we make a profit? Can NTS deplete the volume of

interruption available to DN ?

- Incentives
 - Scope and scale of DN incentive scheme and interaction with the DN Interruption scheme
- Timing of Implementation
 - What is the evidence for a new regime being required for 2011 (scarcity of flow flex ?)

Regards,

Mark.

Mark Freeman
Contract Manager
UK Distribution Commercial
National Grid
Int: 7 474 6218
Ext: 01926 65 6218
Mob: 07768 104815
mark.freeman@uk.ngrid.com