

NTSCMF / Sub Group – Entry - Exit Split

Some key terms in relation to Entry-Exit Split:

Term	Detail
Entry / Exit Split	The Entry-Exit Split is a means by which aspects of the charging framework are attributed to Entry and Exit network Users. Currently there is a 50:50 split in the GB charging framework with Entry and Exit charging for the Transmission Owner charges reconciled separately.

Background

As part of the reference price methodology / charging framework, the Entry / Exit split is required as a means of attributing costs / revenues between Entry and Exit Users (can be Capacity and Commodity based).

Within the Transportation Model the Long Run Marginal Costs are adjusted to maintain an equal split of revenue between Entry and Exit users (where Entry prices are used to set auction reserve prices and Exit prices are set as administered rates to recover a target level of revenue).

The Tariff Network Code (TAR NC), Article 30(1)(b)(v)(2) defines the entry-exit split as the breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points. Article 8 of TAR NC specifies that the counterfactual Capacity Weighted Distance reference price methodology should use an entry-exit split of 50:50. In Article 10(8)(b) of TAR NC it states that the information on the entry-exit split referred to in Article 30(1)(b)(v)(2) for the entry-exit system shall be published by the national regulatory authority.

Summary of Discussion(s)

- A default entry-exit split of 50:50 is provided for in the EU TAR NC;
- This has been used for some time in GB and there is currently no compelling rationale to change the principle of an equitable split (if a party believes that there is justification then it should be raised for discussion with justification);
- If the proportions of the entry-exit split were amended, it could have consequences and interactions with other aspects of the charging regime e.g. the incentive mechanisms and revenue recovery across entry and exit users;

Conclusion

- It was proposed at the December sub-group (14.12.16) meeting to base the modelling on an entry-exit split of 50:50.
- The entry-exit split will be a value that can be adjusted in the End to End model being developed.

Version Control

V1.0	Updated after Sub-group on 19.12.16 and agreed at sub-group on 18.01.17
------	---