WWU Case Study

Capacity Access Review

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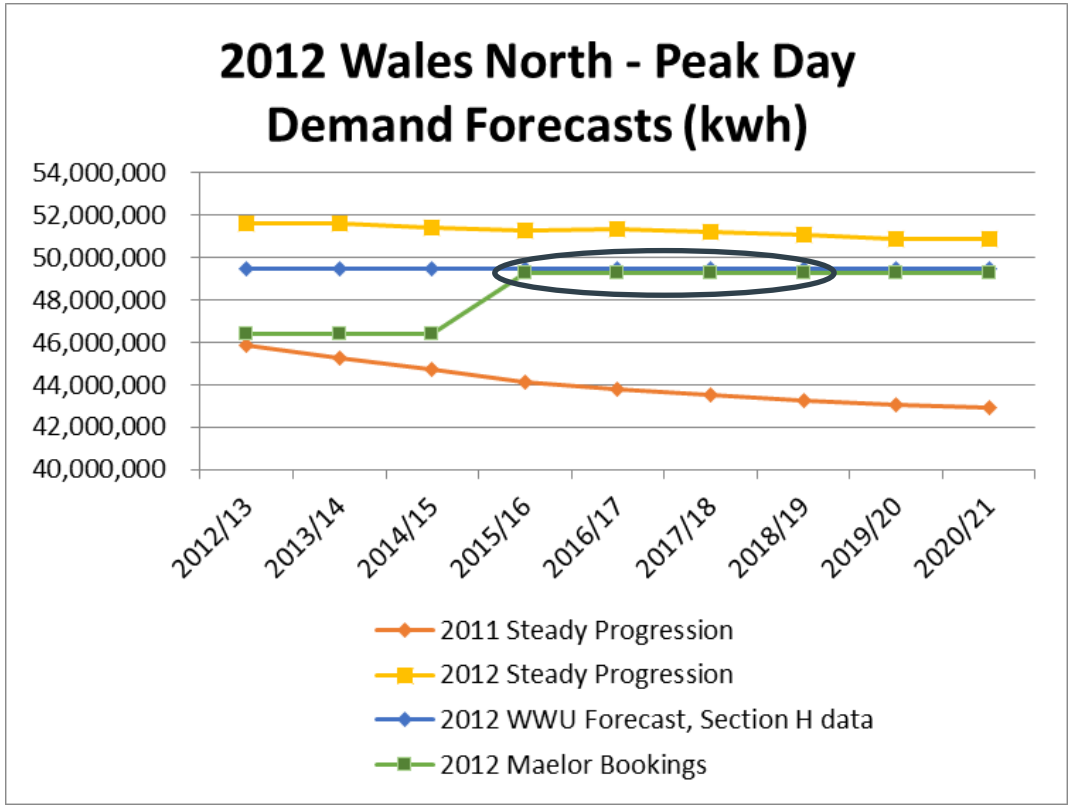
WALES&WEST UTILITIES

Introduction

- This case study focusses on Maelor Offtake
- Maelor feeds all of Wales North
  - Simple relationship between LDZ forecast and Offtake Capacity requirement
  - No flow swapping options for networks (NTS or WWU)
  - No ability to respond to cost drivers e.g. to follow cheaper capacity

Peak day forecasting in 2012

- Variability in the forecasts received from NTS for the steady progression scenario 2011, to 2012
- WWU flat-lined forecast in 2012 (consistent since 2010)
- Enduring bookings made against our forecast
  - Consistent forecast, enduring flat capacity and Section H data
  - User Commitment 2015/6 to 2018/9



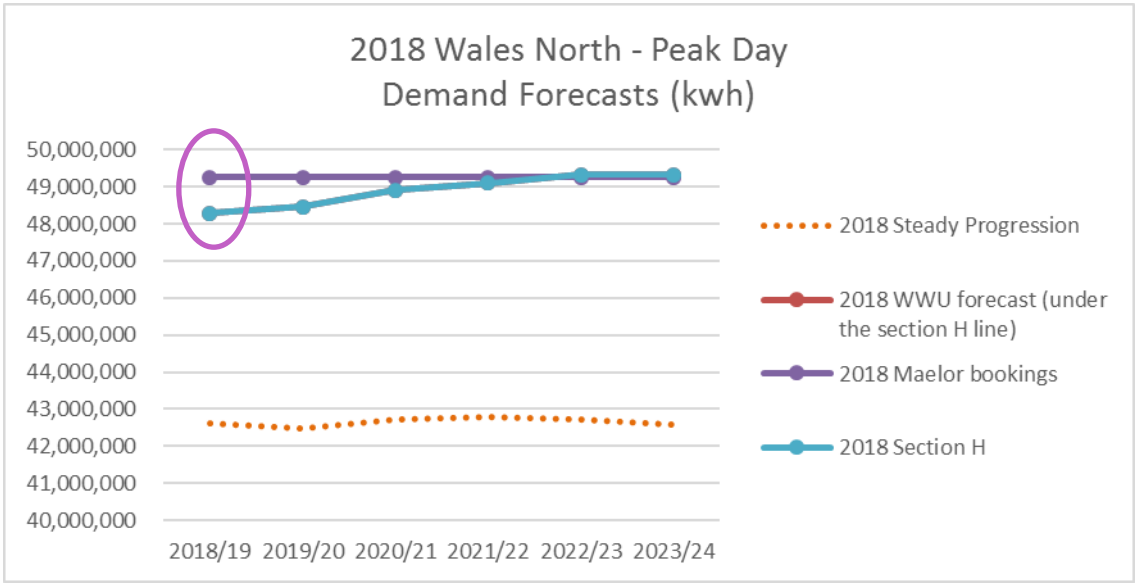
Offtake Capacity Bookings

- As at 2012:
  - Baseline Obligation at Maelor – 57,560,000 kwh
  - Prevailing Capacity booking – 46,429,409 kwh
  - Forecasts for the next ten years - 49,258,990 kwh
- Following approval of our new forecasts additional enduring capacity secured (within baseline):
  - New capacity booking from (Y+3) 2015 - 49,258,990 kwh
  - Section H planning data - 4.5* mcm (equivalent)
  - User commitment triggered from 2015/16 to 2018/19

* Note: Section H data is provided in mcm so can vary as a result of planning CVs

Peak day forecasting in 2018

- Variability between the NG and WWU forecasts
- User Commitment in the 1st year results in overbooking at Maelor for 2018/9
- Reductions to enduring not made for 2nd a subsequent years as opportunity to do that in 2019 and risks around increases at a later date resulting in UC
- Section H information aligns to the WWU forecast



No changes to our forecasts between 2012 and 2018*

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Summary

- Section H data is more accurate that commercial bookings in the event that:
  - Annual or daily may be used to top up enduring capacity
  - User commitment means we are unable to reduce capacity to reflect reductions in requirements