

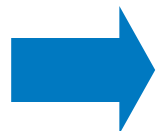
2012 Condition 5 Report



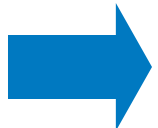
Wayne Mullins

2012 C5 Report – A Refresher

- Condition 5 Report published each year, as part of the annual TNUoS charge setting process.
- The requirement to produce a forecast of tariffs was part of the Authority's approval of the GB Charging Methodology for BETTA.
- Greatest value where predicted tariffs match actual tariffs.
- TransmiT poses a number of challenges due to uncertainty surrounding the underlying charging methodology and implementation timescales.
- Uncertainty of revenue resulting from RIIO.



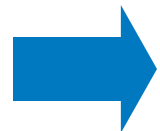
It is important that the forecast is of use to customers



Is there value in a “full blown” forecast?

Progress

- Discussed at November TCMF.
- Open letter to industry to canvas wider opinions on National Grid's initial thoughts.
- Responses received from 6 parties:
 - the majority supportive of a one-off change in direction; and
 - a number of suggested enhancements to National Grid's suggested were made.



National Grid has taken all comments into consideration and revised its approach

Way forward

- Publication of a full Condition 5 report until completion of the TransmiT industry process; and
- Produce an interim document containing:
 - A narrative of the Redpoint TransmiT analysis;
 - A forecast of TNUoS tariffs for 2013/14 based on the current charging methodology;
 - A forecast of annual Onshore and Offshore allowed revenues, based on RIIO-T1 submissions;
 - An initial forecast of annual revenues that will be recovered via Onshore Local Substation, and Offshore Local charges, to enable modelling; and
 - Provision of an zonal breakdown of generation and demand for each year.
- Targeted publication of interim document: March 2012.