

Alsarif Satti  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

31 May 2023

RE: Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices

Dear Alsarif

The Annual Quarterly Auctions for Entry and Exit Capacity for Interconnection Points (IPs) are due to be held during August 2023 for capacity from 1st October 2023 to 30th September 2024.

National Gas is publishing this Notice of NTS Transportation Charges providing at least one months' notice in advance of the Annual Quarterly Auctions, consistent with our Licence obligations.

Capacity reserve prices for the Annual Quarterly Auctions have been calculated in accordance with UNC TPD Section Y and using revenues in line with Part A of Special Condition 2.1<sup>1</sup> (Transportation owner revenue restriction). The revenues used in the calculations are those from the Price Control Financial Model (PCFM) Ofgem published on the [30 May 2023](#) representing a republication from the PCFM issued in [December 2022](#).

The essence of the methodology to calculate Transmission Services Entry and Exit target revenues is to take a proportion of the revenues from the PCFM across two Regulatory periods (April to March) to calculate a revenue target for the Gas or Tariff Year (October to September) that crosses them. This, implemented as part of UNC0796, smooths some of the revenue volatility that would otherwise impact the Reserve Prices. This means that in some years tariffs may be set to over or under recover relative to the Regulatory Revenues from the PCFM in any given year.

For the Regulatory Year ending March 2024, the tariffs calculated would result in an over recovery relative to the Allowed Revenues and following the methodology it would then result in an under recovery the following year. This is the smoothing effect working through over time.

The reserve prices for the Entry Annual Quarterly IP Auction are detailed in Table 1.

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<sup>1</sup> In accordance with Special Condition 2.1.4 the Authority provides [consent](#) where an over recovery in setting NTS Transportation Owner charges occurs following the applicable charging methodology in the Uniform Network Code.

Final Exit prices for Capacity auctions applicable from 1st October 2023 are detailed in Table 2, and will apply to the following:

- Exit Annual Yearly IP Capacity Auctions,
- Exit Annual Quarterly IP Capacity Auctions,
- Exit Rolling Monthly IP Capacity Auctions,
- Exit Rolling Day Ahead IP Capacity Auctions,
- Within Day IP Capacity Auctions for Exit Capacity.

NTS large price steps for Capacity in the Annual Quarterly IP (Entry and Exit) auction will be the greater of 5% of the applicable capacity reserve price and 0.0001 p/kWh/day.

The suite of values to cover the transparency on the charges and values that underpin them, in accordance with the EU Tariff Code, is to be published before the end of August 2023. In the meantime, National Gas will be looking to host a webinar that will provide an opportunity for National Gas to talk through the charges, including the revenue values that underpin them along with an update on key changes to how specific inputs have been calculated. We will communicate more details on this in June.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact our charging team at [Box.NTSGasCharges@nationalgrid.com](mailto:Box.NTSGasCharges@nationalgrid.com)

Yours sincerely

Chris Logue  
Head of Markets

Table 1 – **Entry** Reserve Price for Interconnection Points for IP Annual Quarterly Auctions

EU Interconnector Points (IPs)	From 1 Oct 2023 to 30 Sep 2024 Pence per kWh per day
Bacton IP	0.0784

Table 2 – **Exit** Reserve Price for Interconnection Points for IP Annual Quarterly Auctions

Offtake Point	Type of Offtake	From 1 Oct 2023 to 30 Sep 2024 Pence per kWh per day
Bacton (exit) IP	Interconnector	0.0127
Moffat (Irish Interconnector)	Interconnector – Firm, Exit only	0.0127