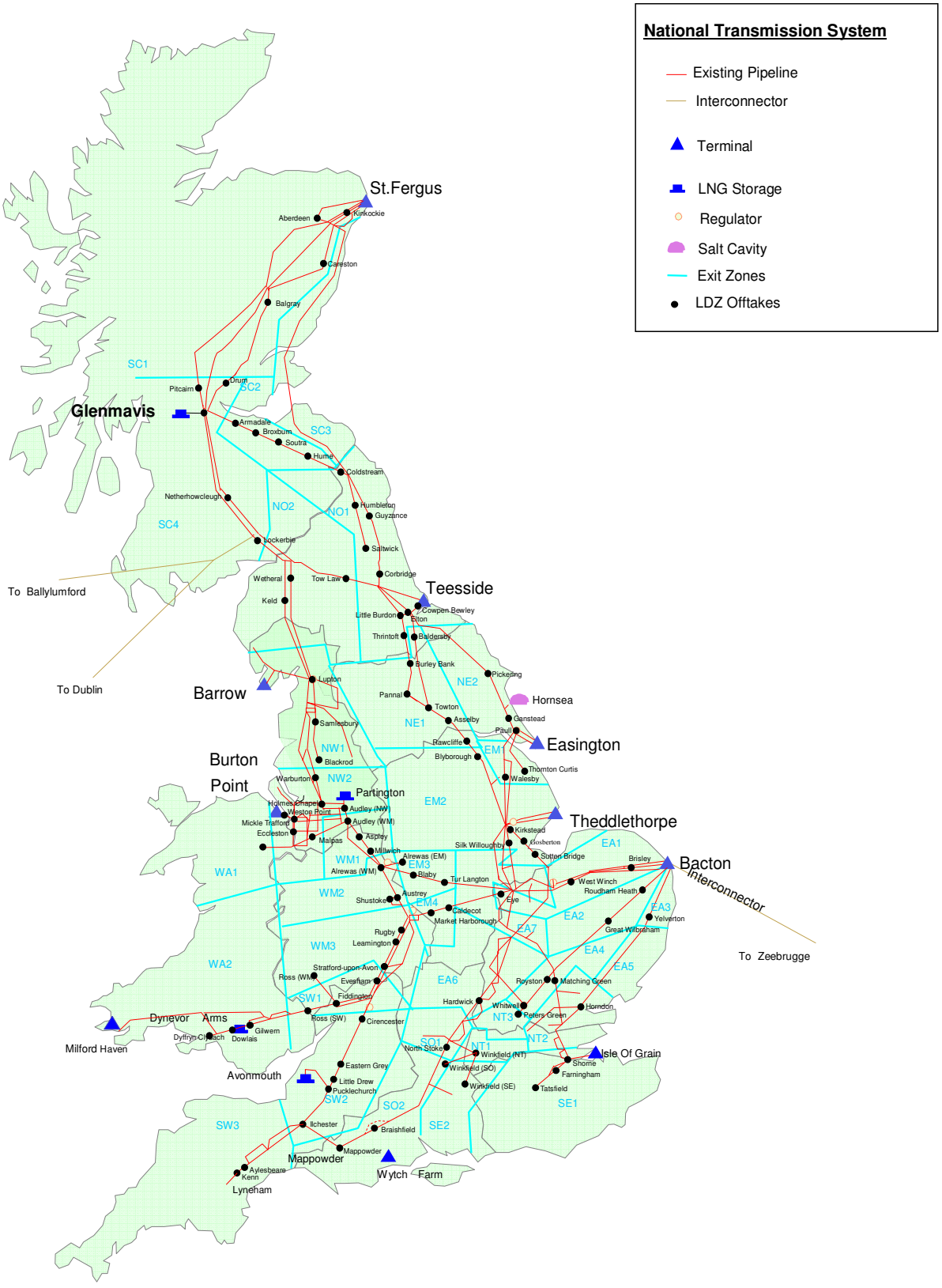
nationalgrid

The Notice of Gas Transmission Transportation Charges

Effective from 1 April 2009

National Grid's Gas Transmission System



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1 Introduction

This publication sets out the transportation charges which apply from 1 April 2009 for the use of the NTS, as required by Standard Special Condition A4 of the National Grid NTS Gas Transporter Licence. This document does not override or vary any of the statutory, licence or Uniform Network Code obligations upon National Grid NTS. Further information on the methods and principles on which Transmission transportation charges are derived is set out in **The Statement of the Gas Transmission Transportation Charging Methodology**.

Details of National Grid and its activities can be found on the National Grid Internet site at **www.nationalgrid.com**. An electronic version of this publication, along with **The Statement of the Gas Transmission Transportation Charging Methodology** can be found on our web site.

For more information on the charges set out below, please contact our UK Transmission Charging team on **01926 654633** or e-mail to **charging.enquiries@uk.ngrid.com.**

1.1 Uniform Network Code

The Uniform Network Code (UNC) forms the contractual framework between NTS and DN Gas Transporters, and the shippers whose gas is transported. It is supported by an integrated set of computer systems called UK Link. The charges and formulae in this booklet will be used in the calculation of charges within UK Link, which are definitive for billing purposes.

There are a number of areas of the UNC that impact upon the cost to shippers of using the transportation network, such as imbalance charges, scheduling charges, capacity overruns, top-up neutrality charges and contractual liability. Reference should be made to the UNC – as modified from time to time – for details of such charges and liabilities.

1.2 Units

Charges are expressed and billed as follows:

- Commodity - pence per kilowatt hour (kWh).
- Exit Capacity - pence per peak day kWh per day.
- Entry Capacity - pence per kWh per day.
- Fixed - pence per day.

1.3 Invoicing

Invoices derived from the transportation charges shown within this publication are produced and issued by xoserve. xoserve is the invoicing service provider to the NTS and the Distribution Networks (DNs). To clarify this link between pricing and invoicing, charge codes and invoice names are included in the tables.

For more information on invoicing, please contact the xoserve invoicing team via email at **xo_css_billing@xoserve.com**.

1.4 The National Grid NTS Transportation Price Control Formulae

Transportation charges are derived in relation to price control formulae which are set by Ofgem, the gas and electricity market regulator, for the transportation of gas. These formulae dictate the maximum revenue National Grid NTS can earn from the transportation of gas. Should National Grid NTS earn more or less than the maximum permitted revenue in any formula year, a compensating adjustment is made in the following year. Where a significant over- or under-recovery is anticipated within a year an adjustment to charges may be made during the year.

Since April 2002 the price control for the NTS has been divided into Transportation Owner (TO) and System Operator (SO) controls. Transportation charges are split to reflect these price control arrangements.

For NTS TO revenue, the target is to recover 50% from exit capacity and 50% from entry capacity, excluding the TO under/over recovery from the previous year (TOK). For charge setting purposes only, TOK is separated into K for entry and exit. Exit capacity charges reflect the estimated long run marginal

cost (LRMC) of developing the system to meet a sustained increase in demand and are determined by the exit zone to which a particular offtake point belongs. Charges for entry capacity are not fixed but are determined by auctions which apply to all system entry points. For system entry capacity, the reserve prices for the auctions are based GCM01 Methodology for Determination of NTS Entry and Exit Capacity Prices, which uses a new Transportation Model. For further details of GCM01 please see our web site at www.nationalgrid.com/uk/gas/ under Charging, Pricing Consultations.

The unpredictability of entry auction revenue means that the TO revenue 50 / 50 split between entry and exit may not be achieved in practice. In the event of a forecast under-recovery of entry auction revenue against the entry target level, a TO commodity charge may be levied on entry flows.

SO revenue is recovered through the NTS SO commodity charge. This is a uniform charge, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. A distance-related commodity tariff, the optional NTS commodity charge, is also available as an alternative to both the SO and TO commodity charges.

1.5 DN Pensions Deficit

The DN Pensions Deficit Charge is a new charge levied on the Distribution Network Operators. It is designed to collect specific annual cost allowances for the part-funding of the deficit in the National Grid UK Pension Scheme. This deficit relates to the pension costs of former employees of the DNs. The allowance has been included in the NTS' TO Price Control Formulae for the period April 2007 to March 2012. It is recovered via the application of a DN Pensions Deficit Charge which is levied on each of the DNs on a monthly basis in accordance with National Grid's GT Licence and the DN Gas Transporters Licence. The charges can be found in Section 7.

1.6 Firm Transportation

Firm transportation charges for the NTS comprise capacity and commodity charges.

1.7 Interruptible Transportation

Interruptible transportation is available for supply points with Annual Quantities (AQs) of over 5,860 MWh per annum.

For supply points which have been nominated by a shipper as interruptible, the shipper will not pay the NTS (TO) exit capacity charge or the capacity element of the relevant LDZ charge. Where National Grid NTS nominates a supply point to be interrupted for more than 15 days in a particular year (measured from 1 April to 31 March) there is a transportation charge credit. For each day of interruption over 15 days, a transportation charge credit, equivalent to 1/15 of the annual NTS exit capacity and the relevant LDZ capacity charges avoided by having interruptible rather than firm transportation, is payable to the shipper. National Grid NTS has the right to interrupt these supply points for up to 45 days each year. The business rules for interruptible supply points are detailed in **The Statement of the Gas Transmission Transportation Charging Methodology**.

To help National Grid NTS run the network safely and securely the UNC defines two special types of interruptible supply points. These are Network Sensitive Load (NSL) and Transporter Nominated Interruptible (TNI).

NSLs are supply points where specific interruption may be required to maintain the supply of gas to firm supply points in the same area.

TNIs are supply points where National Grid NTS reserves the right to interrupt for more than 45 days each year.

National Grid NTS offers a number of services related to interruptible supply points:

- Allocation arrangements allow more than one shipper / supplier to supply interruptible gas to sites with AQs in excess of 58,600 MWh per annum. This flexibility of supplier enables the end user to make greater use of the competitive market and allows for alternative provision of gas during commercial interruption. Further details of this service are given in Section 9.2.

- The Partial Interruption service is designed to allow shippers to reduce offtake rates at supply points (to predetermined levels agreed between the shipper and the end user) where capacity exists, so that the site remains on a part-load, where otherwise it would have been fully interrupted.

- The Interruptible Supply Point Firm Allowance (IFA) is available to all interruptible supply points. It allows a guaranteed supply of 14,600 kWh per day (this figure can be higher if the capacity is available), where this allowance is subject to normal firm transportation charges. This enables end users to maintain their critical processes when their supply is interrupted.

- Transfer of Firm Offtake Capability. This allows a shipper to release capacity allocated to a firm supply point in order to meet the requirements of an interruptible supply point during an interruption notice. This is subject to system constraints and other eligibility criteria.

Details of all the above interruption services are available from gas suppliers / shippers or from National Grid Operations and Trading on **01455 893147**.

1.8 Theft of Gas

The licensing regime places incentives on transporters, shippers and suppliers to take action in respect of suspected theft of gas. Certain costs associated with individual cases of theft are recovered through transportation charges. National Grid NTS's charges reflect these requirements, with National Grid NTS remaining cash neutral in the process.

2 NTS TO Entry Capacity

National Grid is obliged to make available for sale system entry capacity by means of five related auction mechanisms. For each of the system entry points, capacity is made available on a firm and interruptible basis. All entry capacity is offered on a, pence per kWh per day basis where the quantity is measured in terms of an end of day entitlement.

Interruptible capacity is limited to being offered on a daily basis in an auction that is conducted on the day ahead of the intended day of use.

Firm Entry Capacity is offered in bundles of quarters, months and days.

For further information on system entry capacity please refer to **The Statement of the Gas Transmission Charging Methodology**.

2.1 Quarterly System Entry Capacity

Entry capacity can be obtained through the Quarterly System Entry Capacity (QSEC) auction process up to 16 years ahead of the intended year of use. National Grid NTS has an obligation to make available a core baseline quantity which is calculated in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of National Grid NTS's GT Licence. The baseline quantity from which National Grid NTS's obligation is derived is set out in Appendix B of the current **Transmission Transportation Charging Statement**. The minimum quantities to be offered in the Annual System Entry Capacity auctions, after taking into account a GT Licence requirement to hold back some capacity for short term allocation, is detailed in Appendix C(ii).

For each of the system entry points National Grid NTS has determined a baseline price and an additional 20 price steps for increments of capacity that may be demanded above the baseline quantity, as set out in the **Statement of the Gas Transmission Transportation Charging Methodology** and the **Incremental Entry Capacity Release (IECR) Statement**. The step prices that are applicable for QSEC allocations are set out in Appendix D of the current **Transmission Transportation Charging Statement**. Prices are published for each system entry point and are applicable for all periods in which QSEC is offered. Allocation of capacity will be conducted in accordance with the provisions set out in National Grid NTS's **Incremental Entry Capacity Release (IECR) Statement**.

2.2 Monthly System Entry Capacity

For each of the system entry points Monthly System Entry Capacity (MSEC) is allocated by auction for a period no more than two years ahead of the period of use. The maximum quantities to be offered in MSEC allocations are also set out in Appendix C(i) of the current **Transmission Transportation Charging Statement**. MSEC auctions offer monthly tranches of firm capacity and are held in respect of each Aggregate System Entry Point (ASEP). Capacity is allocated in respect of each bid in descending price order starting at the highest bid until all monthly system entry capacity has been allocated or all valid bids have been considered. Successful bidders are liable to pay the bid price of each accepted or part accepted bid.

Following the final annual Monthly System Entry Capacity (AMSEC) auction any remaining quantities of entry capacity can be purchased in the Rolling Monthly System Entry Capacity (RMSEC) auctions. The RMSEC Auction has been altered to accommodate a mechanism for Transfer and Trade of entry Capacity between ASEPs, this auction is now the RMTTSEC. The method that National Grid will use to facilitate the transfer of unsold, or the trade of sold, NTS Firm Entry Capacity from one ASEP to another is set out in the **Entry Capacity Transfer and Trades Methodology Statement.**

This auction is conducted within the capacity year and also facilitates trade and transfer of entry capacity. The quantities offered are any unsold baseline capacity carried over from the AMSEC allocations and any capacity surrendered during the rolling monthly surrender process. Allocations will be completed by the 3rd business day proceeding the last business day of each calendar month. The capacity offered and subsequently allocated will be applicable for the following month. For unsold and surrendered capacity sold, allocations are based on a pay as bid basis but for specific allocations rules please refer to section B2.3 of the UNC.

The lowest price that can be accepted in an MSEC allocation is the reserve price as set out in Table 2 in Section 2.5.

2.3 Daily System Entry Capacity

National Grid NTS offers two daily capacity services – a firm Daily System Entry Capacity service (DSEC) and a Daily Interruptible System Entry Capacity service (DISEC). Both services are offered through a tender process and are subject to minimum reserve prices. Successful bidders are liable to pay the bid price of each accepted or part accepted bid. Capacity is allocated, in respect of each bid, in descending price order until all capacity has been allocated or all valid bids have been considered.

The allocation of DSEC is initiated before the gas day and is repeated at intervals through to 02:00 hours on the gas day. Shippers may have up to 20 bids on the system at any one time. DSEC availability is presently defined in the UNC as the amount, determined by National Grid NTS, by which system entry capacity exceeds firm system entry capacity held by shippers.

DISEC is allocated by means of a single tender that is held on the day before the gas day. Shippers may submit up to 20 applications for this capacity in respect of each ASEP.

DISEC consists of any unutilised booked monthly capacity on a day. National Grid NTS determines the availability of capacity after consideration of the daily allocation levels at each ASEP on the day before the gas day. If, on a day, nominations from primary holders of firm capacity increase so that gas flow exceeds booked levels at an entry point, any DISEC service entitlements would be scaled back.

The lowest price that can be accepted in an DSEC allocation is the reserve price as set out in Table 2 in Section 2.5.

2.4 Additional Discretionary Release Mechanism for NTS Entry Capacity (DRSEC)

An additional capacity release mechanism which allows National Grid to invite applications for quarterly, monthly, daily or daily interruptible entry capacity outside of the existing auction mechanisms has been introduced. The timing of such invitations and the quantities of entry capacity offered are at the sole discretion of NGG NTS. This would be mainly for discretionary entry capacity (in addition to baselines) but under certain circumstances may involve unsold obligated capacity. The entry capacity offered by NGG NTS is subject to the prevailing reserve price and available for a period of no more than one capacity year.

2.5 Entry Capacity Reserve Prices

To date all system entry capacity auctions have been subject to reserve prices.

The invoice codes and reserve prices applicable to MSEC and DSEC sold before the day are shown in Table 1 and Table 2, respectively. For DSEC sold on the day the reserve price has been set to zero since 1 October 2003. Reserve prices for DISEC are set at zero.

Table 1

Service	Invoice	Charge Code
MSEC	NTE	LTF
DSEC	NTE	DFC
DISEC	NTE	DIC
RMTTSEC	NTE	RMC
DRSEC	NTE	MEC

Table 2 Entry Capacity Reserve Prices for Capacity for use from 1 October 2008

	MSEC Reserve Prices Pence per kWh per day		
	Y	Y+1	Y+2
Entry Point	from 1 Oct 08 to 30 Sep 09	from 1 Oct 09 to 30 Sep 10	from 1 Oct 10 to 31 Mar 11
Coastal Terminals & LNG Importation			
Bacton	0.0072	0.0083	0.0084
Barrow	0.0066	0.0047	0.0070
Easington&Rough	0.0086	0.0095	0.0092
Isle of Grain	0.0001	0.0001	0.0006
Milford Haven	0.0181	0.0188	0.0172
St Fergus	0.0367	0.0376	0.0378
Teesside	0.0082	0.0073	0.0083
Theddlethorpe	0.0074	0.0084	0.0082
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0001
Hatfield Moor	0.0027	0.0030	0.0028
Hole House Farm	0.0001	0.0001	0.0001
Wytch Farm	0.0001	0.0001	0.0001
Storage			
Barton Stacey	0.0001	0.0001	0.0001
Cheshire	0.0001	0.0001	0.0001
Fleetwood	0.0001	0.0001	0.0052
Garton	0.0091	0.0095	0.0100
Glenmavis	0.0173	0.0153	0.0172
Hatfield Moor	0.0027	0.0030	0.0028
Hornsea	0.0088	0.0089	0.0090
Partington	0.0001	0.0001	0.0001
Constrained LNG			
Avonmouth	0.0001	0.0001	0.0001
Dynevor Arms	0.0001	0.0001	0.0001

Table 2 continued

Reserve Prices Pence per kWh per day	
Entry Point	**DSEC**
	from 1 Oct 08 to 30 Sep 09
Coastal Terminals & LNG Importation	
Bacton	0.0048
Barrow	0.0044
Easington&Rough	0.0057
Isle of Grain	0.0001
Milford Haven	0.0121
St Fergus	0.0245
Teesside	0.0055
Theddlethorpe	0.0049
Onshore Fields and Connections	
Burton Point	0.0001
Hatfield Moor	0.0018
Hole House Farm	0.0001
Wytch Farm	0.0001
Storage	
Barton Stacey	0.0001
Cheshire	0.0001
Fleetwood	0.0001
Garton	0.0061
Glenmavis	0.0115
Hatfield Moor	0.0018
Hornsea	0.0059
Partington	0.0001
Constrained LNG	
Avonmouth	0.0001
Dynevor Arms	0.0001

3 Constrained LNG

Shippers that book the constrained Liquefied Natural Gas (LNG) storage service, available from the LNG storage sites at Dynevor Arms and Avonmouth, undertake an obligation to provide transmission support gas to National Grid NTS on days of very high demand. In recognition of this, shippers receive a credit in respect of minimum booked storage deliverability. Full details of associated rules are available on request from National Grid NTS's LNG business unit. The credit, shown in Table 3, is deducted from the charge for the storage service.

Table 3 Constrained LNG Credit

Entry Point	Credit
	Pence per registered kWh per day
	From 1 May 2008
Avonmouth LNG	0.0032
Dynevor Arms LNG	0.0000

4 NTS TO Exit Capacity Charges

NTS TO exit capacity charges apply to loads supplied through existing NTS offtakes into Distribution Networks (DNs) and to large loads and interconnectors supplied directly from the NTS. The exit zone for a DN supply point is determined by its postcode.

For new loads supplied directly from the NTS, the exit zone charges provide an indication of the likely level of charges. However, in general, an individual exit zone will be created with its own charge for new NTS offtakes.

At present, National Grid NTS makes no charge for NTS exit capacity at storage points. This is on the basis that the transportation service to the storage points is interruptible. If a firm transportation service to storage were provided, a TO exit capacity charge would be payable.

There are four small towns in Scotland where LNG needs to be transported by road tanker to supply end users on distribution systems which are not physically connected to the main gas network. For these locations, NTS TO exit charges will be calculated on the basis that they are allocated to exit zone SC4, the location of the LNG storage site which supplies them.

The map at the beginning of this document gives the locations of the exit zones. Exit zones SC3, EA5, EA6 and EA7 have no offtakes.

The NTS TO Exit Capacity charges, along with indicative charges for the gas years 2009/10 and 2010/11, are given in Table 4. The indicative charges for 2009/10 and 2010/11 are based on the relevant year's network model and 1 in 20 peak base case supply and demand.

Table 4 NTS TO Exit Capacity Charges

Invoice	Charge Codes
CAP	NDX (DM) / NNX (NDM)

- Network	Exit Zone	Exit Charge p/pdkWh/day		
		Effective	Indicative	
		from 1 Oct 08 to 30 Sep 09	from 1 Oct 09 to 30 Sep 10	from 1 Oct 10 to 30 Sep11
East of England	EA1	0.0069	0.0055	0.0072
	EA2	0.0076	0.0062	0.0079
	EA3	0.0031	0.0016	0.0034
	EA4	0.0126	0.0111	0.0129
	EM1	0.0003	0.0001	0.0006
	EM2	0.0053	0.0038	0.0056
	EM3	0.0152	0.0137	0.0155
	EM4	0.0109	0.0094	0.0112
North of England	NE1	0.0058	0.0050	0.0068
	NE2	0.0006	0.0009	0.0015
	NE3	0.0001	0.0001	0.0001
	NO1	0.0007	0.0006	0.0014
	NO2	0.0003	0.0007	0.0009
London	NT1	0.0209	0.0194	0.0212
	NT2	0.0130	0.0116	0.0134
	NT3	0.0126	0.0111	0.0129
North West	NW1	0.0097	0.0104	0.0107
	NW2	0.0146	0.0154	0.0156
Scotland	SC1	0.0001	0.0001	0.0001
	SC2	0.0001	0.0001	0.0001
	SC4	0.0001	0.0001	0.0001
South of England	SE1	0.0157	0.0142	0.0159
	SE2	0.0209	0.0194	0.0212
	SO1	0.0159	0.0144	0.0162
	SO2	0.0236	0.0221	0.0240
Wales & the West	SW1	0.0161	0.0147	0.0165
	SW2	0.0235	0.0221	0.0238
	SW3	0.0347	0.0332	0.0350
	WA1	0.0187	0.0195	0.0197
	WA2	0.0096	0.0082	0.0101
West Midlands	WM1	0.0174	0.0171	0.0183
	WM2	0.0158	0.0144	0.0162
	WM3	0.0143	0.0128	0.0146

Table 4 NTS TO Exit Capacity Charges continued

Invoice	Charge Codes
CAP	NDX (DM) / NNX (NDM)

NTS Sites	Exit Charge p/pdkWh/day		
	Effective	Indicative	
	from 1 Oct 08	from 1 Oct 09	from 1 Oct 10
Abengoa	-	-	0.0015
AM Paper	0.0110	0.0117	0.0119
Baglan Bay PG	0.0076	0.0061	0.0079
Barking PG	0.0129	0.0114	0.0132
BP Grangemouth	0.0001	0.0001	0.0001
BP Saltend HP	0.0001	0.0001	0.0001
Bridgewater Paper	0.0164	0.0176	0.0177
Brigg PG	0.0042	0.0027	0.0045
Brimsdown PG	0.0143	0.0128	0.0146
Brunner Mond	0.0143	0.0150	0.0150
Connahs Quay PS	0.0160	0.0173	0.0173
Corby PS	0.0108	0.0093	0.0111
Coryton PG	0.0132	0.0117	0.0135
Cottam PG	0.0051	0.0036	0.0054
Damhead Creek	0.0126	0.0111	0.0129
Deeside PS	0.0163	0.0176	0.0176
Didcot PS	0.0192	0.0178	0.0196
Goole Glass	0.0033	0.0024	0.0042
Grain Gas	0.0126	0.0111	0.0129
Great Yarmouth	0.0009	0.0001	0.0012
Hays Chemicals	0.0151	0.0161	0.0161
ICI Runcorn	0.0180	0.0193	0.0193
Immingham PG	0.0003	0.0001	0.0006
Keadby PS	0.0044	0.0035	0.0053
Kemiralnce CHP	0.0177	0.0189	0.0189
Kings Lynn PS	0.0061	0.0046	0.0064
Langage PG	0.0325	0.0310	0.0328
Little Barford PS	0.0122	0.0108	0.0126
Longannet	0.0001	0.0001	0.0001
Marchwood	0.0245	0.0230	0.0248
Medway PS	0.0125	0.0110	0.0128
Peterborough PS	0.0080	0.0065	0.0083
Peterhead PG	0.0001	0.0001	0.0001
Phillips Seal Sands	0.0001	0.0001	0.0010
Rocksavage PG	0.0180	0.0193	0.0193
Roosecote PS	0.0018	0.0025	0.0027
Rye House PS	0.0147	0.0132	0.0150
Saltend	0.0001	0.0001	0.0001
Sappi Paper Mill	0.0098	0.0105	0.0107
Seabank Power	0.0225	0.0210	0.0228
Seabank Power Module II	0.0242	0.0227	0.0245
Sellafield PS	0.0001	0.0006	0.0008
Shotton Paper	0.0161	0.0173	0.0173
Spalding PG	0.0065	0.0050	0.0068
Stallingborough PS	0.0012	0.0001	0.0015
Staythorpe	0.0028	0.0013	0.0082
Sutton Bridge PS	0.0073	0.0059	0.0077
Teesside BASF	0.0001	0.0001	0.0010

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Table 4 NTS TO Exit Capacity Charges (continued)

NTS Sites	Exit Charge p/pdkWh/day		
	Effective	Indicative	
	from 1 Oct 08	from 1 Oct 09	from 1 Oct 10
Teesside Hydrogen	0.0001	0.0001	0.0010
Teesside PS	0.0006	0.0001	0.0016
Terra Billingham	0.0006	0.0001	0.0016
Terra Severnside	0.0241	0.0226	0.0244
Thornton Curtis PG	0.0003	0.0001	0.0006
Zeneca	0.0001	0.0001	0.0010
Interconnectors			
Bacton Interconnector	0.0009	0.0001	0.0012
Moffat	0.0001	0.0001	0.0001
Storage Sites			
Avonmouth LNG	0.0241	0.0227	0.0245
Barton Stacey	0.0228	0.0213	0.0231
Cheshire	0.0139	0.0146	0.0146
Dynevor Arms LNG	0.0093	0.0078	0.0096
Garton	0.0001	0.0001	0.0001
Glenmavis	0.0001	0.0001	0.0001
Hatfield Moor	0.0038	0.0029	0.0047
Holehouse Farm	0.0151	0.0163	0.0164
Hornsea	0.0001	0.0001	0.0011
Partington	0.0137	0.0144	0.0147
Rough	0.0001	0.0001	0.0001

5 NTS Commodity Charges

5.1 NTS TO Commodity Charge

The NTS TO commodity charge may be levied where an under-recovery of TO entry revenue against the entry target level is forecast. The charge is levied on entry flows only at entry terminals (but not storage facilities) and would address only a forecast TO revenue under-recovery that does not arise from NTS exit capacity charging.

The rate is identified in the commodity schedule given in Table 5. For the avoidance of doubt, the TO commodity rate would be set to zero where forecast entry TO revenue is at, or above, the entry revenue target level.

5.2 NTS SO Commodity Charge

The NTS SO commodity charge is a uniform rate, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. The rate is identified in Table 5 below.

Table 5 NTS Commodity Charges

Invoice	Charge Code
ECO	NCE

	Pence per kWh
TO Entry	0.0114
SO Entry	0.0155
Combined Rate	0.0269

Invoice	Charge Code
COM	NCO

	Pence per kWh
SO Exit	0.0155

NTS entry commodity (NCE) will be invoiced using the combined rate.

5.3 NTS Optional Commodity Charge

The optional NTS commodity tariff is available as an alternative to both the entry / exit NTS SO commodity charges and the NTS TO commodity charge. It may be attractive for large daily metered sites located near to entry terminals, since the NTS SO and TO commodity tariffs are not distance-related and can result in a relatively high charge for short distance transportation. This could give perverse economic incentives to build dedicated pipelines bypassing the NTS, resulting in an inefficient outcome for all system users.

The optional tariff applies in respect of gas delivered from the local specified terminal. The charge is site specific and is calculated by the function shown in Table 6 below.

Table 6 NTS Optional Commodity Charge

Invoice	Charge Code
ADU	880

Pence per kWh
$1203 \times [(SOQ)^{-0.834}] \times D + 363 \times (SOQ)^{-0.654}$

where **D** is the direct distance from the site or non-National Grid NTS pipeline to the elected terminal in km and **SOQ** is the registered supply point capacity in kWh. Note that ^ means “to the power of …”

Further information on the NTS Optional Commodity tariff can be obtained from our UK Transmission Charging team on **01926 654633**.

6 Compression Charge

An additional charge is payable where gas is delivered into the National Grid NTS system at a lower pressure than that required, reflecting the need for additional compression. For gas delivered at the Total Oil Marine sub-terminal at St. Fergus, a compression charge is payable at the rate identified in Table 7 below.

Table 7 St. Fergus Compression Charge

Invoice	Charge Code
ADZ	900

	Pence per kWh
Compression	0.0099

7 DN Pensions Deficit Charge

The share of the pension deficit cost allowance associated with former employees of the DNs is recovered via the DN Pension Deficit Charges levied on each of the DNs on a monthly basis. The monthly charges for the financial year 2008/09 are shown in Table 8 DN Pension Deficit Charge below.

Table 8 DN Pension Deficit Charge

Invoice	Charge Code

DN	Monthly Charge	Per Annum, £m
East of England	404,104	4.85
London	235,587	2.83
North West	277,507	3.33
West Midlands	200,375	2.40
North of England	257,386	3.09
Scotland	177,739	2.13
South of England	411,649	4.94
Wales and the West	246,487	2.96

8 System Balancing Charge

A system balancing commodity charge will be payable to reflect the costs of ensuring a balance between gas entering the system and gas offtaken. For shippers operating wholly under Uniform Network Code (UNC) arrangements, the system balancing charge is zero.

The system balancing commodity charge is calculated as: The sum of energy balancing charges which are or would be payable under the UNC less energy balancing charges paid by or to the Shipper pursuant to the UNC or any other arrangement divided by the total quantity offtaken.

Energy balancing charges are defined in the UNC and include imbalance charges, scheduling charges and any additional charges payable by or to the Shipper for the purpose of enabling National Grid NTS to balance system inputs and offtakes.

The system balancing charges will be determined following each calendar month by monitoring gas inputs and offtakes on a daily basis.

9 Other Charges

Other Charges include administration charges at Connected System Exit Points, Shared Supply Meter Points and Interconnectors.

9.1 Connected System Exit Points (CSEPs)

A CSEP is a system point comprising one or more individual exit points which are not supply meter points. Separate administration processes are required to manage the daily operations and invoicing associated with CSEPs, including interconnectors, for which an administration charge is made.

The administration charge which applies to CSEPs containing NDM and DM sites is given in Table 9 .

Table 9 CSEP Administration Charge

Invoice	Charge Code
ADU	884

Charge per supply point	0.1185 pence per day (£0.43 per annum)

9.2 Shared Supply Meter Point Allocation Arrangements

National Grid NTS offers an allocation service for daily metered supply points with AQs of more than 58,600 MWh per annum. This allows up to four (six for VLDMCs) shippers / suppliers to supply gas through a shared supply meter point.

The allocation of daily gas flows between the shippers / suppliers can be done either by an appointed agent or by National Grid NTS.

The administration charges which relate to these arrangements are shown in Table 10. Individual charges depend on the type of allocation service nominated and whether the site is telemetered or non-telemetered.

Table 10 Shared Supply Meter Point Administration Charges (£ per shipper per supply point)

Invoice	Charge Code
ADU	884

Agent Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£183.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£2.96

National Grid NTS Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£202.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£3.05

9.3 Interconnector

9.3.1 Allocation Arrangements at Interconnectors

The allocation charges that apply at interconnectors (GB-Ireland and UK-Continent) and apply for each supply point are shown in Table 11. Allocating daily gas flows between shippers / suppliers can be done

either by an appointed agent or by National Grid NTS. The same set up charge applies in either case. The daily charge depends on whether the service is provided through an agent or not.

Table 11 Allocation Charges at Interconnectors

Invoice	Charge Code
ADU	884

	Set up charge per shipper	Daily charge per shipper
Agent service	£141.70	£1.62
National Grid NTS service	£141.70	£2.46

9.3.2 Administration Charges at Moffat

The following administration charges apply only to the GB-Ireland interconnector at Moffat. The charges, which vary if the service is provided via an agent or National Grid NTS, are detailed in Table 12.

Table 12 Administration Charges for Moffat

Invoice	Charge Code
ADU	884

	Daily charge per shipper
Agent service	£15.08
National Grid NTS service	£30.16

The charges, with or without an agent, cover the operation of the flow control valve. In addition the National Grid NTS service provides the Exit Flow Profile Notice (EPN).

In the event that the appointed agent fails to provide an EPN to National Grid NTS, the following additional charge will apply:

EPN Default Charge per shipper per event is £0.63