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Dear Stuart,

Notice of Revised Gas Transmission Transportation Charges from 1st April 2009

In order to bring revenue recovery from transportation charges in line with National Grid's Transmission Price Control Formulae, National Grid is publishing this notice of revised transmission charges two months in advance of the changes, consistent with our Licence and Uniform Network Code obligations.

From 1st April 2009 changes will be applied to NTS charges as follows;

1. The **NTS TO Entry Commodity** charge levied on entry flows will be **0.0114** p/kWh. The charge is based on the assumption of a similar pattern of bidding behaviour as seen in 2008/09 and that the rate will be applied for the full financial year. The charge has been calculated with the uncertainties around forecasts of the allowed revenue, auction revenues which are difficult to predict, and entry volumes. However, the charge will be reassessed in October 2009, following further entry capacity auctions.

The final rate falls outside our indicative range due to a higher than forecast TO MAR 2009/10 principally caused by an under-recovery in 2008/09, which is carried forward and collected in 2009/10. This under-recovery has been brought about due to a fall in auction revenue (mainly in the RMTTSEC auctions).

2. The **NTS SO Commodity** charge as applied to both entry and exit flows will be levied at a rate of **0.0155** p/kWh, an increase of 76% from the significantly reduced February/March 2009 level, and 7% less than the indicative value. This figure compares with an average charge of 0.0147 p/kWh during 2008/09.

The key driver to variability in this charge is the shrinkage costs which remain difficult to predict given their dependence on future wholesale gas prices.

3. The **St. Fergus Compression charge** levied at the Total Oil Marine (TOM) sub-terminal at St. Fergus will decrease to **0.0099** p/kWh, a reduction of 26% on the current level. The key drivers to the reduction in this charge are the anticipated continued reductions in wholesale gas prices and increases in forecast flows through the sub-terminal.
4. The **Connected System Exit Points (CSEPs) Administration** charge will be reduced to **0.1185** pence per day or £0.43 per annum per supply point. This reflects the continued reduction in the unit cost of providing this administration as the number of CSEPs grows. Other administration charges (those for allocation of shared supply meter points and

interconnector arrangements) are being reviewed but are not expected to change until April 2010.

For the avoidance of doubt, all other charges will remain the same until 1st October 2009.

Please find attached a copy of our document "Notice of Gas Transmission transportation Charges effective from 1st April 2009", which contains all of the above price changes. This document will also be available on the National Grid website www.nationalgrid.com/uk/gas/ under Charging, Transportation Charges.

Other supporting charge setting information will also available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>

If you have any questions about this Notice, or NTS charges in general, please contact myself or the Charging and Revenue Team on 01926-654633.

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