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1 May 2009

Dear Stuart,

## **Indicative Notice of Revised Gas NTS Charges to apply from 1 October 2009**

This notice is issued in line with National Grid's Gas Transporters Licence in respect of the NTS ("the Licence"). The Licence requires National Grid to provide 150 days indicative notice of potential changes to its gas transportation charges that will apply from 1<sup>st</sup> October 2009. The notice of the actual charges that shall apply from 1<sup>st</sup> October 2009 will be published by 1<sup>st</sup> August 2009, in line with the two months notice required by our licence and Network Code obligations.

The following are our current central forecasts for charges to apply from 1<sup>st</sup> October 2009.

### **NTS TO Commodity Charge**

The NTS TO Commodity Charge levied on entry flows is estimated to increase from its current rate to **0.0251** p/kWh, representing an increase of 120%. This increase is primarily due to:

- Lower than forecast revenue from the AMSEC auctions held in February 2009 after the current charges were set. Revenue from the auction was £70m less than anticipated. Our forecast of auction income in January was based on the previous year's auction results. However, last year there was competition for supplies at Easington which has since abated following the release of additional capacity this year.

We believe the range on our central estimate is +/- 10%.

We are currently reviewing our approach to forecasting auction revenues, which we anticipate will enable us to make improved predictions of annual auction revenues.

### **NTS TO Exit Capacity Charges**

The indicative changes to NTS TO Exit Capacity charges are in the attached table at the end of this notice.

The charges have been derived via our Transportation Model. The model has been updated to reflect changes in the pipeline network, supply patterns, the expansion constant and target revenue all of which will affect exit charges. However, the following points should be noted:

- Network changes have had a negligible impact on charges.
- An increase in the expansion factor, to reflect a rise in the cost of investment, has effectively "stretched" the network thus increasing the range of exit charges.

- An increase in target Exit revenue compared to 2008/09 has increased all exit charges by the same amount, subject to rounding and the minimum price collar. This reflects the increased TO allowed revenue for 2009/10.
- Gas flows have been affected by changing supply sources as shown in the 2008 Ten Year Statement. There has been a shift of supplies from the North and West to the South and East. Consequently, exit points in the Northern and North Eastern Exit Zones have seen additional increases in these charges due to changes in the gas flows in these areas.

Shippers should be aware that further demand data will become available in May and this revised data will have an effect on the final exit capacity charges published by 1 August 2009.

National Grid anticipates making the Transportation Model available to parties that have signed the licence agreement for the model. Details of how to obtain the model can be found on the charging section of our website<sup>1</sup>.

### **NTS SO Commodity Charges**

The indicative level of the NTS SO Commodity Charge, as applied to both entry and exit flows, is **0.0182** p/kWh. This is an increase of 17% that has been primarily caused by:

- Increased allowed income due to an under-recovery from 2008/09; and
- Our expectation that demand will fall as a result of the recession, increasing levels of energy efficiency and price sensitivities.

We believe that the variation in our estimate of this charge is in the region of +/- 20%.

The Compression Charge levied at the Total Oil Marine sub-terminal at St. Fergus is expected to decrease to an indicative level of **0.0079** p/kWh. Compressor fuel costs remain the significant component of this charge and the indicative charge is based on our present view of forward fuel prices. We estimate the range on this charge to be +/- 20%.

For the avoidance of doubt, all other administered charges will remain the same.

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

Shippers should also be aware that a **Notice of Indicative NTS Exit Capacity Charges for 2012/13** ahead of the 2009 Application window for Enduring Annual NTS Exit (Flat) Capacity has also been published on 1 May 2009 as part of the new NTS Exit Capacity processes.

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.

Nigel Fox  
Charging and Revenue Manager

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<sup>1</sup> <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>

Indicative NTS TO Exit Capacity Charges from 1 October 2009 to 30 September 2010

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

Network	DN Exit Zone	Pence per peak day kWh per day
East of England	EA1	0.0063
	EA2	0.0069
	EA3	0.0022
	EA4	0.0122
	EM1	0.0001
	EM2	0.0046
	EM3	0.0150
	EM4	0.0105
North of England	NE1	0.0054
	NE2	0.0003
	NE3	0.0001
	NO1	0.0041
	NO2	0.0057
London	NT1	0.0209
	NT2	0.0127
	NT3	0.0122
North West	NW1	0.0162
	NW2	0.0202
Scotland	SC1	0.0001
	SC2	0.0001
	SC4	0.0002
South of England	SE1	0.0154
	SE2	0.0209
	SO1	0.0157
	SO2	0.0237
Wales & the West	SW1	0.0160
	SW2	0.0237
	SW3	0.0343
	WA1	0.0231
	WA2	0.0092
West Midlands	WM1	0.0189
	WM2	0.0156
	WM3	0.0141

**Indicative NTS TO Exit Capacity Charges (continued)**

<b>Invoice</b>	<b>Charge Code</b>
<b>CAP</b>	<b>NDX (DM)</b>

<b>NTS Sites</b>	<b>Site Name as NTS Licence Special Condition C8E</b>	<b>Pence per peak day kWh per day</b>
<b>AM Paper</b>	Ferny Knoll (AM Paper)	0.0172
<b>Baglan Bay PG</b>	Tonna (Baglan Bay)	0.0070
<b>Barking PG</b>	Barking (Horndon)	0.0125
<b>Billingham ICI</b>	Billingham ICI (Terra Billingham)	0.0048
<b>BP Grangemouth</b>	Blackness (BP Grangemouth)	0.0001
<b>BP Saltend HP</b>	Saltend BPHP (BP Saltend HP)	0.0001
<b>Bridgewater Paper</b>	Shotwick (Bridgewater Paper)	0.0206
<b>Brigg PG</b>	Blyborough (Brigg)	0.0034
<b>Brimsgate PG</b>	Epping Green (Enfield Energy, aka Brimsgate)	0.0140
<b>Brunner Mond</b>	Pickmere (Winnington Power, aka Brunner Mond)	0.0204
<b>Centrax</b>	Centrax Industrial	0.0335
<b>Connahs Quay PS</b>	Burton Point (Connahs Quay)	0.0203
<b>Corby PS</b>	Caldecott (Corby Power Station)	0.0103
<b>Coryton PG</b>	Stanford Le Hope (Coryton)	0.0128
<b>Cottam PG</b>	Blyborough (Cottam)	0.0044
<b>Damhead Creek</b>	Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	0.0122
<b>Deeside PS</b>	Deeside	0.0206
<b>Didcot A</b>	Didcot A	0.0191
<b>Didcot PS</b>	Didcot B	0.0192
<b>Goole Glass</b>	Goole (Guardian Glass)	0.0025
<b>Grain Gas</b>	Grain Power Station	0.0122
<b>Great Yarmouth</b>	Bacton (Great Yarmouth)	0.0001
<b>Hays Chemicals</b>	Hollingsgreen (Hays Chemicals)	0.0193
<b>ICI Runcorn</b>	Weston Point (Castner Kelner, aka ICI Runcorn)	0.0224
<b>Immingham PG</b>	Thornton Curtis (Humber Refinery, aka Immingham)	0.0001
<b>Keadby PS</b>	Eastoft (Keadby and Keadby Blackstart)	0.0036
<b>Kemira Ince CHP</b>	Shellstar (aka Kemira, not Kemira CHP)	0.0220
<b>Kings Lynn PS</b>	Saddle Bow (Kings Lynn)	0.0054
<b>Langage PG</b>	Langage Power Station	0.0364
<b>Little Barford PS</b>	St. Neots (Little Barford)	0.0118
<b>Longannet</b>	Gowkhall (Longannet)	0.0001
<b>Marchwood</b>	Marchwood Power Station	0.0247
<b>Medway PS</b>	Medway (aka Isle of Grain Power Station, NOT Grain Power)	0.0121
<b>Milford Haven Refinery</b>	Upper Neeston (Milford Haven Refinery)	0.0001
<b>Peterborough PS</b>	Peterborough (Peterborough Power Station)	0.0074
<b>Peterhead PG</b>	St. Fergus (Peterhead)	0.0001
<b>Phillips Seal Sands</b>	Phillips Petroleum, Teesside	0.0041
<b>Rocksavage PG</b>	Weston Point (Rocksavage)	0.0224
<b>Roosecote PS</b>	Roosecote (Roosecote Power Station)	0.0076
<b>Rye House PS</b>	Ryehouse	0.0144
<b>Saltend</b>	Rosehill (Saltend Power Station)	0.0001
<b>Sappi Paper Mill</b>	Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	0.0160
<b>Seabank Power</b>	Abson (Seabank Power Station phase I)	0.0226
<b>Seabank Power II</b>	Seabank (Seabank Power Station phase II)	0.0244
<b>Sellafield PS</b>	Sellafield Power Station	0.0056
<b>Shotton Paper</b>	Harwarden (Shotton, aka Shotton Paper)	0.0203
<b>Spalding PG</b>	Wragg Marsh (Spalding)	0.0058
<b>Stallingborough PS</b>	Stallingborough (phase 1 and 2)	0.0002
<b>Staythorpe</b>	Staythorpe PH1 and PH2	0.0019
<b>Sutton Bridge PS</b>	Sutton Bridge Power Station	0.0067
<b>Teesside BASF</b>	Teesside (BASF, aka BASF Teesside)	0.0042
<b>Teesside Hydrogen</b>	Teesside Hydrogen	0.0042
<b>Teesside PS</b>	Enron Billingham	0.0048
<b>Terra Severnside</b>	Terra Nitrogen (aka ICI, Terra Severnside)	0.0243
<b>Thornton Curtis PG</b>	Thornton Curtis (Killingholme)	0.0001
<b>Zeneca</b>	Zeneca (ICI Avecia, aka 'Zenica')	0.0048

### Indicative NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

Interconnectors	Site Name as NTS Licence Special Condition C8E	Pence per peak day kWh per day
<b>Bacton Interconnector</b>	Bacton (IUK)	0.0001
<b>Moffat</b>	Moffat (Irish Interconnector)	0.0010

Storage Sites		Pence per peak day kWh per day
<b>Avonmouth LNG</b>	Avonmouth Max Refill	0.0244
<b>Barton Stacey (MRS)</b>	Barton Stacey Max Refill (Humbly Grove)	0.0229
<b>Dynevor Arms LNG</b>	Dynevor Max Refill	0.0087
<b>Garton (MRS)</b>	Garton Max Refill (Aldbrough)	0.0001
<b>Glenmavis</b>	Glenmavis Max Refill	0.0001
<b>Hatfield Moor (MRS)</b>	Hatfield Moor Max Refill	0.0030
<b>Holehouse Farm (MRS)</b>	Hole House Max Refill	0.0193
<b>Hornsea (MRS)</b>	Hornsea Max Refill	0.0001
<b>Partington</b>	Partington Max Refill	0.0198
<b>Rough</b>	Rough Max Refill	0.0001

Note: Site/Offtake names, as given in the Licence, have been added to the table for reference and clarification.