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Dear Stuart,

Indicative Notice of Revised Gas NTS Charges to apply from 1 October 2010 – Exit Capacity Charges

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 at least 150 days indicative notice of potential changes to its gas transportation charges that will apply from 1st October 2010. **This notice relates to TO Exit Capacity charges for 2010/11.**

This notice has been published earlier than usual as we now have most of the relevant information required to produce the prices. Some significant changes have occurred and, following previous discussions with the industry, we have decided to publish the indicative charges in order to give as much notice as possible.

The notice of the actual charges that shall apply from 1st October 2010 will be published by 1st August 2010, in line with the two months notice required by our licence and Network Code obligations.

The following are our current central forecasts for NTS TO exit capacity charges to apply from 1st October 2010.

The indicative changes to NTS TO exit capacity charges along with the current, absolute and percentage change, are in the attached table at the end of this notice.

The charges have been derived from our Transportation Model. This 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. We expect revision in the forecast of the expansion constant before final charges are set, but envisage a minor effect of the charges.
- A small increase in target exit revenue compared to 2009/10 has increased all exit charges up to 0.0002 p/kWh/pd, subject to rounding and the minimum price collar.
- Modelled gas flows have been affected by a change in forecasts of supply sources as shown in the latest Ten Year Statement (December 2009). There has been a forecast increase in supplies from the north (in particular St. Fergus) and a reduction from Milford Haven.

Consequently, exit points in the northern and north western areas have seen decreases in their indicative charges whereas charges in the southern Wales area have risen.

These changes will be discussed in more detail at the April Gas Transmission Charging Methodology Forum (TCMF) and the slides for this will be available on our web site prior to the meeting at <http://www.nationalgrid.com/uk/Gas/Charges/TCMF/>

Shippers should be aware that further demand data will become available during May and this data will have an effect on the final exit capacity charges which will be published by 1 August 2010. Should there be a marked change, compared to the enclosed indicative charges, we will publish an update to this notice around the end of May.

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 website¹.

For the avoidance of doubt, indicative changes in commodity charges will be published at the beginning of May.

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 2013/14** ahead of the 2010 Application window for Enduring Annual NTS Exit (Flat) Capacity will be published on 1 May 2010 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.

Adam Brown
Revenue Manager

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

Indicative NTS TO Exit Capacity Charges from 1 October 2010 to 30 September 2011

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

Pence per peak day kWh per day

Network	DN Exit Zone	Current	Indicative from 1 October 2010	Change	% Change
East of England	EA1	0.0054	0.0057	0.0003	5.6%
	EA2	0.0061	0.0065	0.0004	6.6%
	EA3	0.0013	0.0014	0.0001	7.7%
	EA4	0.0114	0.0115	0.0001	0.9%
	EM1	0.0001	0.0001	0.0000	0.0%
	EM2	0.0044	0.0045	0.0001	2.3%
	EM3	0.0148	0.0155	0.0007	4.7%
	EM4	0.0103	0.0108	0.0005	4.9%
North of England	NE1	0.0057	0.0059	0.0002	3.5%
	NE2	0.0010	0.0011	0.0001	10.0%
	NE3	0.0001	0.0001	0.0000	0.0%
	NO1	0.0046	0.0004	-0.0042	-91.3%
	NO2	0.0054	0.0003	-0.0051	-94.4%
London	NT1	0.0201	0.0210	0.0009	4.5%
	NT2	0.0119	0.0124	0.0005	4.2%
	NT3	0.0114	0.0119	0.0005	4.4%
North West	NW1	0.0158	0.0103	-0.0055	-34.8%
	NW2	0.0202	0.0150	-0.0052	-25.7%
Scotland	SC1	0.0001	0.0001	0.0000	0.0%
	SC2	0.0001	0.0001	0.0000	0.0%
	SC4	0.0002	0.0001	-0.0001	-50.0%
South of England	SE1	0.0144	0.0149	0.0005	3.5%
	SE2	0.0201	0.0210	0.0009	4.5%
	SO1	0.0148	0.0155	0.0007	4.7%
	SO2	0.0230	0.0239	0.0009	3.9%
Wales & the West	SW1	0.0158	0.0189	0.0031	19.6%
	SW2	0.0235	0.0246	0.0011	4.7%
	SW3	0.0341	0.0355	0.0014	4.1%
	WA1	0.0229	0.0197	-0.0032	-14.0%
	WA2	0.0090	0.0236	0.0146	162.2%
West Midlands	WM1	0.0187	0.0181	-0.0006	-3.2%
	WM2	0.0154	0.0161	0.0007	4.5%
	WM3	0.0139	0.0154	0.0015	10.8%

Indicative NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

NTS Sites	Site Name as NTS Licence Special Condition C8E	Current	Indicative from 1 October 2010	Change	% Change
Baglan Bay PG	Tonna (Baglan Bay)	0.0068	0.0212	0.0144	211.8%
Barking PG	Barking (Horndon)	0.0117	0.0122	0.0005	4.3%
Billingham ICI	Billingham ICI (Terra Billingham)	0.0060	0.0001	-0.0059	-98.3%
BP Grangemouth	Blackness (BP Grangemouth)	0.0001	0.0001	0.0000	0.0%
BP Saltend HP	Saltend BPHP (BP Saltend HP)	0.0001	0.0001	0.0000	0.0%
Bridgewater Paper	Shotwick (Bridgewater Paper)	0.0227	0.0175	-0.0052	-22.9%
Brigg PG	Blyborough (Brigg)	0.0032	0.0033	0.0001	3.1%
Brimsgate PG	Epping Green (Enfield Energy, aka Brimsgate)	0.0131	0.0127	-0.0004	-3.1%
Brunner Mond	Pickmere (Winnington Power, aka Brunner Mond)	0.0200	0.0147	-0.0053	-26.5%
Centrax	Centrax Industrial	0.0333	0.0349	0.0016	4.8%
Connahs Quay PS	Burton Point (Connahs Quay)	0.0224	0.0172	-0.0052	-23.2%
Corby PS	Caldecott (Corby Power Station)	0.0101	0.0106	0.0005	5.0%
Coryton PG	Stanford Le Hope (Coryton)	0.0120	0.0125	0.0005	4.2%
Cottam PG	Blyborough (Cottam)	0.0042	0.0043	0.0001	2.4%
Damhead Creek	Middle Stoke (Damhead Creek, aka Kingsnorth PS)	0.0112	0.0117	0.0005	4.5%
Deeside PS	Deeside	0.0227	0.0175	-0.0052	-22.9%
Didcot A	Didcot A	0.0183	0.0191	0.0008	4.4%
Didcot PS	Didcot B	0.0183	0.0192	0.0009	4.9%
Goole Glass	Goole (Guardian Glass)	0.0029	0.0030	0.0001	3.4%
Grain Gas	Grain Power Station	0.0112	0.0117	0.0005	4.5%
Great Yarmouth	Bacton (Great Yarmouth)	0.0001	0.0001	0.0000	0.0%
Hays Chemicals	Hollingsgreen (Hays Chemicals)	0.0211	0.0159	-0.0052	-24.6%
ICI Runcorn	Weston Point (Castner Kelner, aka ICI Runcorn)	0.0245	0.0194	-0.0051	-20.8%
Immingham PG	Thornton Curtis (Humber Refinery, aka Immingham)	0.0001	0.0001	0.0000	0.0%
Keadby PS	Eastoft (Keadby and Keadby Blackstart)	0.0040	0.0041	0.0001	2.5%
Kemira Ince	Shellstar (aka Kemira, not Kemira CHP)	0.0241	0.0190	-0.0051	-21.2%
Kings Lynn PS	Saddle Bow (Kings Lynn)	0.0045	0.0047	0.0002	4.4%
Langage PG	Langage Power Station	0.0362	0.0379	0.0017	4.7%
Little Barford PS	St. Neots (Little Barford)	0.0110	0.0115	0.0005	4.5%
Longannet	Gowkhall (Longannet)	0.0001	0.0001	0.0000	0.0%
Marchwood	Marchwood Power Station	0.0238	0.0249	0.0011	4.6%
Medway PS	Medway (aka Isle of Grain PS, NOT Grain Power)	0.0111	0.0116	0.0005	4.5%
Milford Haven Refinery	Upper Neeston (Milford Haven Refinery)	0.0001	0.0121	0.0120	12000.0%
Peterborough PS	Peterborough (Peterborough Power Station)	0.0065	0.0068	0.0003	4.6%
Peterhead PG	St. Fergus (Peterhead)	0.0001	0.0001	0.0000	0.0%
Phillips Seal Sands	Phillips Petroleum, Teesside	0.0054	0.0001	-0.0053	-98.1%
Rocksavage PG	Weston Point (Rocksavage)	0.0245	0.0194	-0.0051	-20.8%
Roosecote PS	Roosecote (Roosecote Power Station)	0.0073	0.0014	-0.0059	-80.8%
Rye House PS	Ryehouse	0.0136	0.0132	-0.0004	-2.9%
St. Fergus		0.0001	0.0001	0.0000	0.0%
Saltend	Rosehill (Saltend Power Station)	0.0001	0.0001	0.0000	0.0%
Sappi Paper Mill	Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	0.0156	0.0101	-0.0055	-35.3%
Seabank Power	Abson (Seabank Power Station phase I)	0.0224	0.0235	0.0011	4.9%
Seabank Power II	Seabank (Seabank Power Station phase II)	0.0242	0.0253	0.0011	4.5%
Sellafield PS	Sellafield Power Station	0.0114	0.0057	-0.0057	-50.0%
Shotton Paper	Harwarden (Shotton, aka Shotton Paper)	0.0224	0.0172	-0.0052	-23.2%
Spalding PG	Wragg Marsh (Spalding)	0.0056	0.0058	0.0002	3.6%
Stallingborough PS	Stallingborough (phase 1 and 2)	0.0001	0.0001	0.0000	0.0%
Staythorpe	Staythorpe PH1 and PH2	0.0071	0.0074	0.0003	4.2%
Sutton Bridge PS	Sutton Bridge Power Station	0.0058	0.0061	0.0003	5.2%
Teesside BASF	Teesside (BASF, aka BASF Teesside)	0.0054	0.0001	-0.0053	-98.1%
Teesside Hydrogen	Teesside Hydrogen	0.0054	0.0001	-0.0053	-98.1%
Teesside PS	Enron Billingham	0.0061	0.0001	-0.0060	-98.4%
Thornton Curtis PG	Thornton Curtis (Killingholme)	0.0001	0.0001	0.0000	0.0%
Zeneca	Zeneca (ICI Avecia, aka 'Zenica')	0.0060	0.0001	-0.0059	-98.3%

Invoice	Charge Code
CAP	NDX (DM)

Pence per peak day kWh per day

Interconnectors	Site Name as NTS Licence Special Condition C8E	Current	Indicative from 1 October 2010	Change	% Change
Bacton Interconnector	Bacton (IUK)	0.0001	0.0001	0.0000	0.0%
Moffat	Moffat (Irish Interconnector)	0.0006	0.0001	-0.0005	-83.3%

Storage Sites					
Avonmouth LNG	Avonmouth Max Refill	0.0242	0.0253	0.0011	4.5%
Barton Stacey	Barton Stacey Max Refill (Humbly Grove)	0.0221	0.0231	0.0010	4.5%
Caythorpe	Caythorpe	0.0008	0.0008	0.0000	0.0%
Cheshire (MRS)	Cheshire	0.0207	0.0154	-0.0053	-25.6%
Dynevor Arms LNG	Dynevor Max Refill	0.0085	0.0230	0.0145	170.6%
Fleetwood		0.0145	0.0090	-0.0055	-37.9%
Garton (MRS)	Garton Max Refill (Aldbrough)	0.0001	0.0001	0.0000	0.0%
Glenmavis	Glenmavis Max Refill	0.0001	0.0001	0.0000	0.0%
Hatfield Moor (MRS)	Hatfield Moor Max Refill	0.0036	0.0037	0.0001	2.8%
Holehouse Farm (MRS)	Hole House Max Refill	0.0214	0.0162	-0.0052	-24.3%
Hornsea (MRS)	Hornsea Max Refill	0.0001	0.0001	0.0000	0.0%
Partington	Partington Max Refill	0.0194	0.0141	-0.0053	-27.3%
Rough	Rough Max Refill	0.0001	0.0001	0.0000	0.0%

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