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28<sup>th</sup> January 2010

Dear Stuart,

## Notice of Revised Gas NTS Charges to apply from 1 April 2010

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 1<sup>st</sup> April 2010 changes will be applied to NTS charges as follows;

The **NTS TO Commodity Charge** levied on entry flows will be **0.0194** p/kWh, representing a decrease of 22%. The charge is set based on the assumption that it will be applied for the full financial year and will be reassessed in October 2010, following further entry capacity auctions. The reduction is less than indicated in November as our TO maximum allowed Revenue has been revised to take into account an increase in cost pass through items.

The revised level of the **NTS SO Commodity Charge**, as applied to both entry and exit flows, is **0.0196** p/kWh representing an increase of 8% but in line with the indicative rate given in November. The increase has been driven by a sustained positive rise in unaccounted for gas impacting on shrinkage costs. National Grid is carrying out a range of initiatives to help understand and reduce the prevailing levels. There has also been a small decrease in the charging base due to a shift in volumes from the standard commodity rate to the optional commodity tariff.

National Grid is currently in the process of reviewing metering errors affecting a number of offtakes and sites connected to the NTS, details of which were presented at an Extraordinary Offtake Arrangements Workstream on 16<sup>th</sup> October 2009. The effects of this have not been included in the charges as further investigations are required to assess the scale of the errors. Any adjustments to National Grid's shrinkage costs as a result of this error will ultimately feed through to the SO Commodity Charge. Further information relating to this will be provided as it becomes available.

The **Compression Charge** levied at the Total Oil Marine (TOM) sub-terminal at St. Fergus will decrease to **0.0054** p/kWh a reduction of 13% on the current level. The drivers for the rate decrease are forecast reduced volumes through St. Fergus terminal and hence less compression gas required at the TOM sub-terminal, and lower cost of gas.

The **CSEP administration charge** will see a small increase from 0.1185 to **0.1233** pence per supply point per day (**£0.45** per annum). Other administration charges (those for allocation of shared supply meter points and interconnector arrangements) are being reviewed and will not change in April 2010.

Please find attached a copy of our document "Notice of Gas Transmission transportation Charges effective from 1<sup>st</sup> April 2010", which contains all of the above price changes. This document will also be available on the National Grid website [www.nationalgrid.com/uk/gas/](http://www.nationalgrid.com/uk/gas/) under Charging, Transportation Charges.

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

For the avoidance of doubt, NTS Exit Capacity charges will not change in April 2010.

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.

Yours sincerely,

Adam Brown  
Revenue Manager