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Dear Stuart,

Notice of Revised Gas NTS Charges to apply from 1 October 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 October 2009 changes will be applied to NTS charges as follows;

NTS TO Commodity Charge

The **NTS TO Entry Commodity** charge levied on entry flows will be **0.0249** p/kWh, representing an increase of 118% but in line with the indicative rate given in May. As indicated in our Indicative Notice, this increase is primarily due to:

- Reduced revenue from the AMSEC auctions held in February 2009. 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.

NTS TO Exit Capacity Charges

The changes to **NTS TO Exit Capacity** charges are in the attached table. The final charges are broadly in line with those given in the Indicative Notice. The charges have been derived via our Transportation Model. The model has been updated to reflect changes in demand levels, 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.
- The 5% increase in the expansion factor has effectively expanded the network thus increasing the range of exit charges albeit by a small amount.
- Whilst the target Exit revenue compared to 2008/09 has decreased and tended to reduce all exit charges, this has been partially offset by a smaller charging base due to the effects of the recession on demand.
- Gas flows have been affected by changing supply sources as shown in the 2008 Ten Year Statement and the introduction of GCM16, 'Supply and Demand Balancing Rules and Supply

Source Data'. There has been a shift of supplies from the North and West to the 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.

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.

NTS SO Commodity Charges

The revised level of the **NTS SO Commodity Charge**, as applied to both entry and exit flows, is **0.0181** p/kWh and in line with the indicative level. This is an increase of 17% that has been primarily caused by:

- Demand forecasts fell by 5% as a result of the recession, increasing levels of energy efficiency and price sensitivities.

The **St. Fergus Compression charge** levied at the Total Oil Marine (TOM) sub-terminal at St. Fergus will decrease to **0.0062** p/kWh, a reduction of 37% on the current level. The key driver to the reduction in this charge is continued reductions in compressor fuel costs.

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

Please find attached a copy of our document "Notice of Gas Transmission transportation Charges effective from 1st October 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 be 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.

Nigel Fox
Charging and Revenue Manager

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

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

Network	Exit Zone	Exit Charge p/pdkWh/day		
		Effective from 1 Oct 09 to 30 Sep 10	Indicative	
			from 1 Oct 10 to 30 Sep 11	from 1 Oct 11 to 30 Sep 12
East of England	EA1	0.0054	0.0049	0.0052
	EA2	0.0061	0.0055	0.0052
	EA3	0.0013	0.0007	0.0011
	EA4	0.0114	0.0108	0.0112
	EM1	0.0001	0.0001	0.0001
	EM2	0.0044	0.0038	0.0041
	EM3	0.0148	0.0142	0.0146
	EM4	0.0103	0.0097	0.0101
North of England	NE1	0.0057	0.0051	0.0054
	NE2	0.0010	0.0008	0.0010
	NE3	0.0001	0.0001	0.0001
	NO1	0.0046	0.0033	0.0050
	NO2	0.0054	0.0048	0.0060
London	NT1	0.0201	0.0195	0.0198
	NT2	0.0119	0.0113	0.0116
	NT3	0.0114	0.0108	0.0111
North West	NW1	0.0158	0.0152	0.0163
	NW2	0.0202	0.0196	0.0206
Scotland	SC1	0.0001	0.0001	0.0001
	SC2	0.0001	0.0001	0.0001
	SC4	0.0002	0.0001	0.0002
South of England	SE1	0.0144	0.0138	0.0141
	SE2	0.0201	0.0195	0.0198
	SO1	0.0148	0.0142	0.0146
	SO2	0.0230	0.0224	0.0228
Wales & the West	SW1	0.0158	0.0152	0.0155
	SW2	0.0235	0.0229	0.0233
	SW3	0.0341	0.0335	0.0338
	WA1	0.0229	0.0223	0.0227
	WA2	0.0090	0.0085	0.0089
West Midlands	WM1	0.0187	0.0181	0.0184
	WM2	0.0154	0.0148	0.0152
	WM3	0.0139	0.0133	0.0137

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 09	from 1 Oct 10
Baglan Bay PG	0.0068	0.0062	0.0066
Barking PG	0.0117	0.0111	0.0114
Teesside BASF	0.0054	0.0032	0.0058
BP Grangemouth	0.0001	0.0001	0.0001
BP Saltend HP	0.0001	0.0001	0.0001
Bridgewater Paper	0.0227	0.0221	0.0225
Brigg PG	0.0032	0.0026	0.0030
Brimsdown PG	0.0131	0.0125	0.0129
Brunner Mond	0.0200	0.0194	0.0205
Centrax	0.0333	0.0327	0.0330
Connaught Quay PS	0.0224	0.0218	0.0221
Corby PS	0.0101	0.0095	0.0099
Coryton PG	0.0120	0.0114	0.0117
Cottam PG	0.0042	0.0036	0.0039
Deeside PS	0.0227	0.0221	0.0225
Didcot PS	0.0183	0.0177	0.0181
Goole Glass	0.0029	0.0023	0.0026
Grain Gas	0.0112	0.0106	0.0110
Great Yarmouth	0.0001	0.0001	0.0001
Hays Chemicals	0.0211	0.0205	0.0210
ICI Runcorn	0.0245	0.0239	0.0243
Immingham PG	0.0001	0.0001	0.0001
Keadby PS	0.0040	0.0034	0.0038
KemiraInce CHP	0.0241	0.0235	0.0239
Kings Lynn PS	0.0045	0.0039	0.0043
Damhead Creek	0.0112	0.0106	0.0110
Langage PG	0.0362	0.0356	0.0359
Little Barford PS	0.0110	0.0104	0.0108
Longannet	0.0001	0.0001	0.0001
Marchwood	0.0238	0.0232	0.0236
Medway PS	0.0111	0.0105	0.0109
Milford Haven Refinery	0.0001	0.0001	0.0001
Peterborough PS	0.0065	0.0059	0.0063
Peterhead PG	0.0001	0.0001	0.0001
Phillips Seal Sands	0.0054	0.0032	0.0058
Rocksavage PG	0.0245	0.0239	0.0243
Roosecote PS	0.0073	0.0066	0.0078
Rye House PS	0.0136	0.0130	0.0133
Saltend	0.0001	0.0001	0.0001
Sappi Paper Mill	0.0156	0.0150	0.0161
SEABANK_POWER_phase1	0.0224	0.0218	0.0222
SEABANK_POWER_phase_II	0.0242	0.0236	0.0240
Sellafield PS	0.0114	0.0108	0.0119
Shotton Paper	0.0224	0.0218	0.0222
Spalding PG	0.0056	0.0050	0.0053
Stallingborough PS	0.0001	0.0001	0.0001

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Table 4 NTS TO Exit Capacity Charges (continued)

NTS Sites	Exit Charge p/pdkWh/day		
	Effective from 1 Oct 09	Indicative	
		from 1 Oct 10	from 1 Oct 11
Staythorpe	0.0071	0.0065	0.0069
St. Fergus Site	0.0001	0.0001	0.0001
Sutton Bridge PS	0.0058	0.0052	0.0056
Teesside Hydrogen	0.0054	0.0032	0.0058
Teesside PS	0.0061	0.0038	0.0065
Terra Billingham	0.0060	0.0038	0.0065
Thornton Curtis PG	0.0001	0.0001	0.0001
Zeneca	0.0060	0.0038	0.0065

Interconnectors			
Bacton Interconnector	0.0001	0.0001	0.0001
Moffat	0.0006	0.0001	0.0010

Storage Sites			
Avonmouth LNG	0.0242	0.0236	0.0239
Barton Stacey	0.0221	0.0215	0.0218
Caythorpe	0.0008	0.0002	0.0005
Cheshire (MRS)	0.0207	0.0201	0.0205
Dynevor Arms LNG	0.0085	0.0079	0.0083
Fleetwood	0.0145	0.0139	0.0150
Garton (MRS)	0.0001	0.0001	0.0001
Glenmavis	0.0001	0.0001	0.0001
Hatfield Moor (MRS)	0.0036	0.0030	0.0031
Holehouse Farm (MRS)	0.0214	0.0208	0.0212
Hornsea (MRS)	0.0001	0.0001	0.0001
Partington	0.0194	0.0188	0.0199
Rough	0.0001	0.0001	0.0001