

# Notice of Gas Transmission Transportation Charges

Effective from 1 April 2016



# Introduction

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## NTS Charges to Apply From 1 April 2016

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 2 months' notice of changes to its gas transportation charges (the 'final' notice). This notice is issued with respect to changes that will apply from 1 April 2016.

For the avoidance of doubt all charges not mentioned in this notice are unchanged from those in the 1 October 2105 Transportation Charging Statement.

This notice is split into four parts:

- **TO Charges**
  - TO Entry and Exit Commodity
  - DN Pension Deficit
- **SO Charges**
  - SO Entry and Exit Commodity
  - St Fergus Compression
  - Connected System Exit Point Administration
- **Tools and Supporting Information**
- **Appendices**

## Basis of preparing these charges

National Grid sets its charges to recover the price control allowances set by Ofgem. The current RIIO-T1 price control applies from 1 April 2013 to 31 March 2021.

## Charging Base

As in previous years we have used the 'Gone Green' forecasts from the forecast Demand Statements published by National Grid as a base, which assumes that the environmental targets set by the government are met i.e. 15% of all energy from renewable sources by 2020, greenhouse gas emissions meeting the carbon budgets out to 2027, and an 80% reduction in greenhouse gas emissions by 2050. For 2016/17 the charging base (gas flows) is forecast to decrease (-2%) compared to that forecast for 2015/16 at October 2015 charges setting.

Forecast flows to Ireland have been reduced for 2016/17 to adjust for the use of the new Corrib field located off the coast of Ireland. LDZ forecasts have also reduced though this has been offset by an increase in the forecast gas flows at power stations.

# TO Charges

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## TO Allowed Revenues

TO allowed revenue (which is shared 50:50 between Entry and Exit activities) has increased from the 2015/16 level of £749m to a level of £800m, an increase of £51m (7%). The details behind this increase are listed below:

- Base Price Control Revenue (BR) has increased by £33m due to a rise in the underlying base revenue and an inflationary adjustment.
- Pass through items have been adjusted to reduce revenue by £7m. This includes the removal of the adjustment which was added in 2015/16 only. This is related to the funding of independent systems (SIUs) following a Licence modification which allowed Scotia Gas Networks to recover the additional costs in securing supplies of LNG from the Avonmouth facility for the winter of 2012/13, due to the closure of Glenmavis LNG facility.
- National Grid has a Licence Condition relating to National Innovation Competition (NIC) which allows funding for networks to provide innovative low carbon or environmental projects. The Funding Direction set the total amount that is to be recovered from or returned to GB customers through NTS charges to £18m for 2016/17.
- The Licence includes an adjustment for Output Incentives carried forward from 2014/15. This year includes a £32m Permit allowance carried forward from 2014/15 and a stakeholder satisfaction revenue increase of £2m.
- The under recovery from 2014/15 carries forward with a 2 year lag to 2016/17. The value of this under-recovery (TO K) is £15.8m which is equivalent to an increase in Allowed Revenues of £15.8m. This is a decrease of £21.6m compared to last year as the under-recovery was £37.4m

DN Pension costs, which are charged directly to the respective Distribution Networks (DNs) as outlined in Table 1 below, have been revised by an inflationary factor to £60.15m in 2016/17

A summary table of Allowed Revenues is shown in Appendix 1 of this document.



# TO Charges

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## NTS TO Entry Commodity Charge

The NTS TO Entry Commodity charge levied on entry flows is will increase to 0.0499 p/kWh from its current rate of 0.0481 p/kWh and from an average rate for 2015/16 of 0.0470 p/kWh, representing an increase of 4% and 6% respectively. With auction income forecast to decrease by £13m in 2016/17 and the TO Entry allowed revenue increasing by £18m, the increase in this rate is primarily due to the increase in the revenue (+£31m) that we are seeking to recover from TO Entry Commodity charges.

## NTS TO Exit Commodity Charge

The TO Exit Commodity charge will increase from its current rate of 0.0209 p/kWh to 0.0223 p/kWh, an increase of 7%, and an increase of 10% on the 2015/16 average of 0.0202 p/kWh.

The TO Exit Commodity charge is used to collect a potential shortfall in Exit Capacity income compared to the allowed. The shortfall is £15m higher than in 2015/16.

## NTS Exit Capacity charges

NTS Exit Capacity charges are normally updated once a year effective from October.

To account for the revised TO allowed revenue for 2016/17, a revised view of TO Exit Capacity charges for 2016/17 has been calculated and used in the charge setting process for the TO Exit Commodity rate. For reference these can be found in Appendix 2, however, they **do not** replace those rates that were published on 1 May 2015 and utilised for user commitment in the 2015 Exit Capacity Application Window.

A summary of TO Commodity charges can be found in Appendix 3.

# TO Charges

## Distribution Network (DN) Pension Deficit Charge

DN Pension costs are estimated to be £48.8m in 2009/10 prices and including inflation equates to £60.15m for 2016/17.

The monthly and annual DN Pension Deficit charges for 2016/17 are shown in **Table 1**.

**Table 1 DN Pension Deficit charges**

Distribution Network	Effective from 1 April 2016	
	Monthly Charge £	per Annum £m
East of England	916,238	10.99
London	534,155	6.41
North West	629,201	7.55
West Midlands	454,317	5.45
North of England	583,579	7.00
Scotland	402,993	4.84
South of England	933,346	11.20
Wales and the West	558,867	6.71

## Meter Maintenance Charges

Meter maintenance charges have increased in line with the forecast rate of inflation of 2.1%, as in previous years.

# SO Charges

## SO Allowed Revenues

The SO allowed revenue has decreased by £1m from the 2015/16 level of £272m to £271m (-0.4%).

## NTS SO Commodity Charges

The final level of the NTS SO Commodity charge, as applied to both entry and exit flows, is **0.0147** p/kWh compared to the current rate of 0.0148 p/kWh (-0.7%) and from an average rate for 2015/16 of 0.0155 p/kWh (-5%).

## Other Charges

- The **St Fergus Compression** charge levied at the Total Oil Marine (TOM) sub-terminal at St. Fergus will increase from its current level of 0.0152 p/kWh to a level of **0.0187** p/kWh, an increase of 23% and compared to an average rate of 0.0162 p/kWh during 2015/16, an increase of 15%. Although the cost of energy used at the compressor has gone down, other associated costs with the use of electric compressors have been included in the total costs for St. Fergus compression.
- The **Connected System Exit Point (CSEP) Administration** charge will reduce to **0.0829** p/day (or **£0.30** pa) per supply point in April 2016.

A summary of the SO charges can be found in Appendix 3.

## Supporting Information

# Supporting Information

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Guidance and supporting charge setting information will be made available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>. There will be an opportunity to discuss these changes at a subsequent NTS Charging Methodology Forum (NTSCMF), details of which can be found at <http://www.gasgovernance.co.uk/ntscmf>.

If you are unable to attend NTSCMF or would prefer to obtain information about our charges via a different route or would like to provide feedback on how we present and explain changes to our charges, we would welcome any suggestions that would enable us to help.

## Getting in touch

If you have any questions or feedback about this document, or NTS charges in general, please contact Colin Williams (01926 655916) or Karin Elmhirst (01926 655540) or email the charging team at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

For an overview of our commitment to customers, please see:

<http://www.nationalgrid.com/uk/EnergyandServices/TransmissionCustomerCommitment/>

# Appendix 1

## Allowed Revenues used for Charge Setting

	£m		
	2015/16 at Oct 15	2016/17 at Apr 16	Change
<b>TO Maximum Allowed Revenue</b>	749.2	799.8	50.6
<b>SO Maximum Allowed Revenue</b>	272.1	271.0	-1.1
<b>NTS TO Entry Commodity</b>	278.5	309.4	30.9
<b>NTS TO Exit Commodity</b>	122.7	137.4	14.7
<b>NTS SO Commodity (Entry &amp; Exit)</b>	185.5	182.2	-3.3
<b>St. Fergus Compression</b>	13.1	14.2	1.1



# Appendix 2

## Revised view of NTS Exit Capacity charges at October 2016 for 2016/17

Revised view of NTS Exit Capacity charges at October 2016 based on forecast allowed revenue as shown in Appendix 1.

Please note they do not replace the indicative rates that were published on 1 May 2015 and used for user commitment in the 2015 Exit Capacity Application Window.

Offtake	p/kWh/d
ABERDEEN	0.0001
ALREWAS_EM	0.0210
ALREWAS_WM	0.0210
AM_PAPER	0.0222
APACHE	0.0001
ARMADALE	0.0001
ASPLEY	0.0248
ASSELBY	0.0041
AUDLEY_NW	0.0269
AUDLEY_WM	0.0269
AUSTREY	0.0202
AVONMOUTH_LNG	0.0318
AYLESBEARE	0.0403
BACTON_BAIRD	0.0001
BACTON_Deborah	0.0001
BACTON_OT	0.0001
BACTONBBLINT	0.0001
BACTONINT	0.0001
BAGLAN_BAY_PG	0.0099
BALDERSBY	0.0048
BALGRAY	0.0001
BARKING_PG	0.0160
BARROW_BAINS	0.0103
BARROW_BS	0.0103
BARROW_GATEWAY	0.0103
BARTON_STACEY_(MRS)	0.0290
BATHGATE	0.0001
BILLINGHAM_ICI	0.0001
BISHOP_AUCKLAND	0.0023
BISHOP_AUCKLAND_TEST_FACILITY	0.0023
BLABY	0.0166
BLACKROD	0.0220
BLYBOROUGH	0.0064

# Appendix 2

BP_GRANGEMOUTH	0.0001
BP_SALTEND_HP	0.0001
BRAISHFIELD_A	0.0309
BRAISHFIELD_B	0.0309
BRIDGEWATER_PAPER	0.0319
BRIGG_PG	0.0076
BRIMSDOWN_PG	0.0166
BRINE_FIELD_PS	0.0001
BRISLEY	0.0035
BROXBURN	0.0001
BRUNNER_MOND	0.0263
BURLEY_BANK	0.0074
BURNHERVIE	0.0001
CALDECOTT	0.0136
CAMBRIDGE	0.0114
CARESTON	0.0001
CARRINGTON_PS	0.0256
CAYTHORPE_(MRS)	0.0021
CENTRAX	0.0434
CHESHIRE_(MRS)	0.0272
CHOAKFORD	0.0471
CIRENCESTER	0.0269
COCKENZIE_PS	0.0001
COFFINSWELL	0.0436
COLDSTREAM	0.0001
CONNAHS_QUAY_PS	0.0323
CORBRIDGE	0.0031
CORBY_PS	0.0132
CORYTON_PG	0.0163
CORYTON_PG_2	0.0163
COTTAM_PG	0.0064
COWPEN_BEWLEY	0.0001
CRAWLEY_DOWN	0.0293
DAMHEAD_CREEK	0.0154
DEESIDE_PS	0.0323
DIDCOT_PS	0.0243
DOWLAI	0.0128
DRAKELOW_PS	0.0204
DROINTON_OT	0.0224
DRUM	0.0001

# Appendix 2

DYFFRYN_CLYDACH	0.0098
DYNEVOR_ARMS_LNG	0.0121
EASINGTON&ROUGH_TERMINAL	0.0001
EASTON_GREY	0.0276
ECCLESTON	0.0310
ELTON	0.0013
ENRON_(BILLINGHAM)	0.0001
EVESHAM	0.0224
EYE	0.0102
FARNINGHAM	0.0184
FARNINGHAM_B	0.0184
FIDDINGTON	0.0216
GANSTEAD	0.0001
GARTON_(MRS)	0.0001
GILWERN	0.0142
Glasgoforest	0.0001
GLENMAVIS	0.0001
GLENMAVIS_LNG	0.0001
GOOLE_GLASS	0.0048
GOSBERTON	0.0078
GRAIN_GAS	0.0154
GREAT_WILBRAHAM	0.0102
GREAT_YARMOUTH	0.0001
GUYZANCE	0.0001
HARDWICK	0.0199
HATFIELD_MOOR_(MRS)	0.0054
HATFIELD_POWER_STATION	0.0044
HAYS_CHEMICALS	0.0279
HILLTOP_FARM	0.0282
HOLEHOUSE_FARM_(MRS)	0.0282
HOLMES_CHAPEL	0.0273
HORNDON	0.0160
HORNSEA_(MRS)	0.0006
HUMBLETON	0.0001
HUME	0.0001
ICI_RUNCORN	0.0320
ILCHESTER	0.0349
IMMINGHAM_PG	0.0001
IPSDEN	0.0239
IPSDEN_2	0.0239

# Appendix 2

KEADBY_BS	0.0062
KEADBY_PS	0.0062
KELD	0.0115
KEMIRAINCE_CHP	0.0315
KENN	0.0416
KINGS_LYNN_PS	0.0064
KINKNOCKIE	0.0001
KIRKSTEAD	0.0052
LANGAGE_PG	0.0471
LANGHOLM	0.0044
LAUDERHILL	0.0001
LEAMINGTON_SPA	0.0192
LITTLE_BARFORD_PS	0.0151
LITTLE_BURDON	0.0018
LITTLETON_DREW	0.0286
LOCKERBIE	0.0032
LONGANNET	0.0001
LOWER_QUINTON	0.0215
LUPTON	0.0147
LUXBOROUGH_LANE	0.0162
MAELOR	0.0303
MALPAS	0.0293
MAPPOWDER	0.0371
MARCHWOOD	0.0312
MARKET_HARBOROUGH	0.0150
MATCHING_GREEN	0.0154
MEDWAY_PS	0.0155
MELKINTHORPE	0.0106
MICKLE_TRAFFORD	0.0308
MILFORD_HAVEN_REFINERY	0.0001
MILWICH	0.0232
MOFFAT	0.0018
NETHER_HOWCLEUGH	0.0008
PANNAL	0.0079
PARTINGTON	0.0256
PARTINGTON_LNG	0.0256
PAULL	0.0001
Pembroke CHP (South Hook CHP)	0.0001
PEMBROKE_PG	0.0001
PETERBOROUGH_PS	0.0107

# Appendix 2

PETERHEAD_PG	0.0001
PETERS_GREEN	0.0155
PETERS_GREEN_SOUTH_MIMMS	0.0155
PHILLIPS_SEAL_SANDS	0.0001
PICKERING	0.0056
PITCAIRNGREEN	0.0001
PUCKLECHURCH	0.0296
RAWCLIFFE	0.0044
ROCKSAVAGE_PG	0.0320
ROOSECOTE_PS	0.0103
ROSS_SW	0.0180
ROSS_WM	0.0180
ROUDHAM_HEATH	0.0056
ROYSTON	0.0126
RUGBY	0.0178
RYE_HOUSE_PS	0.0172
SALTEND	0.0001
SALTFLEETBY	0.0006
SALTWICK_PC	0.0015
SALTWICK_VC	0.0015
SAMLESBURY	0.0202
SAPPIPAPERMILLCHP	0.0207
SEABANK_LDZ	0.0320
SEABANK_POWER_phase_II	0.0319
SEABANK_POWER_phase1	0.0296
SEAL SANDS TGPP	0.0001
SELLAFIELD_PS	0.0154
SEVERNSIDE_ICI	0.0317
SHORNE	0.0171
SHOTTON_PAPER	0.0322
SHUSTOKE	0.0217
SILK_WILLOUGHBY	0.0067
SOUTRA	0.0006
SPALDING_PG	0.0082
SPALDING_PG_2	0.0082
ST_FERGUS_BS	0.0001
ST_FERGUS_OT	0.0001
STALLINGBOROUGH	0.0011
STAYTHORPE	0.0101
STRANRAER	0.0018

# Appendix 2

STRATFORD_UPON_AVON	0.0209
STUBLACH	0.0271
SUTTON_BRIDGE	0.0087
SUTTON_BRIDGE_PS	0.0086
TATSFIELD	0.0205
TEESSIDE_BASF	0.0001
TEESSIDE_HYDROGEN	0.0001
THORNTON_CURTIS_(KILLINGHOLME)	0.0001
THORNTON_CURTIS_LDZ	0.0001
THRINTOFT	0.0039
TILBURY_PS	0.0168
TOW_LAW	0.0048
TOWTON	0.0069
TRAFFORD_PS	0.0256
TUR_LANGTON	0.0152
WALESBY	0.0021
WARBURTON	0.0253
WEST_BURTON_PS	0.0065
WEST_WINCH	0.0065
WESTON_POINT	0.0320
WETHERAL	0.0074
WHITWELL	0.0150
WILLINGTON_PS	0.0222
WINKFIELD_NT	0.0264
WINKFIELD_SE	0.0264
WINKFIELD_SO	0.0264
WYRE_PS	0.0194
YELVERTON	0.0029
ZENECA	0.0001



# Appendix 3

## Summary of Commodity Charges

The table below summarises the changes to the Commodity charges being made in April 2016 compared to the current rates. A comparison between the average Commodity rate during 2015/16 and the April 2016 is also provided.

Charge p/kWh	Oct-15	Average <sup>1</sup>	April 2016	% Change...	
	(Current)	2015/16		to current	to Average 2015/16
<b>NTS TO Entry Commodity</b>	0.0481	0.0470	0.0499	4%	6%
<b>NTS TO Exit Commodity</b>	0.0209	0.0202	0.0223	7%	10%
<b>NTS SO Commodity (Entry &amp; Exit)</b>	0.0148	0.0155	0.0147	-0.7%	-5%
<b>St. Fergus Compression</b>	0.0152	0.0162	0.0187	23%	15%

<sup>1</sup> Calculated from the forecast annual revenue collectable from the charge and the relevant forecast annual chargeable volumes