

All Shippers & Interested Parties

17 January 2019

Dear Industry Participant

Notice of NTS Annual Yearly (Entry and Exit) Interconnection Point (IP) Reserve Prices

The Annual Yearly Auctions for NTS Entry and Exit Capacity at Interconnection Points will be held in July 2019 for capacity from 1 October 2019 to 30 September 2034.

National Grid is publishing this Notice of change to NTS transportation charges at least one month in advance of the next Annual Yearly Auctions, consistent with our Licence.

Reserve prices for the Annual Yearly and Annual Quarterly auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies, Section B of the European Interconnection Document (EID) – Capacity and the Entry Capacity Release (ECR) Methodology Statement.

IP Entry Capacity Reserve Prices

Entry Capacity reserve prices at IPs are set using our Transportation Model which includes:

- Supply and demand patterns determined from the latest data in the 2018 Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2019/20.
- The latest expansion constant for the investment costs.

The reserve prices for the Entry Capacity Annual Yearly IP Auction are detailed in Table 1 below. (These prices will also be applicable for the Entry Annual Quarterly Auction.)

IP Exit Capacity Reserve Prices

The reserve prices for the Exit Capacity Annual Yearly IP Auction are the Indicative reserve prices that were published for 2019/20 in April 2018.¹ The Final Exit Capacity reserve prices for the Gas Year 2019/20 (1 October 2019 to 30 September 2020) will be published by 1 May 2019. The current Indicative reserve prices for capacity from 1 October 2019 are detailed in Table 2 below.

¹

www.nationalgridgas.com/sites/gas/files/documents/Exit%20capacity%20notice%201%20may%202018_1.pdf

As given in the Notice of change to NTS Exit Capacity Charges on 30 April 2018², the indicative Exit Capacity charges for IPs have increased mainly due to the forecast of allowed Exit revenues and follow the movements of modelled revenue forecasts. The annual figure for setting the Exit Capacity charges increased from £286m in 2018/19 to £468m in 2019/20 causing the prices to increase. The variation between years is mainly due to the timing differences between financial and 'gas' (October to September) years which is used to set NTS Exit Capacity charges.

Details of the IP reserve prices can also be found in Appendix F of the NTS Gas Transportation Charges Statement 1 October 2018.

NTS large price steps for an Annual Yearly IP (Entry and Exit) auction will be the greater of 5% of the applicable reserve price and 0.0001 p/kWh/day.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact Karin Elmhirst on 01926 655540 karin.elmhirst@nationalgrid.com or Dave Bayliss 01926 656853 dave.bayliss@nationalgrid.com or email our charging team at box.transmissioncapacityandcharging@nationalgrid.com.

Yours sincerely

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www.nationalgridgas.com/sites/gas/files/documents/Exit%20capacity%20notice%201%20may%202018_1.pdf

Table 1 Entry Capacity Reserve Price for Interconnection Points for the Annual Yearly Auctions which will take place in July 2019.

EU Interconnector Points (IPs)	from 1 Oct 19 Pence per kWh per day	from 1 Oct 18 Pence per kWh per day	Change Pence per kWh per day
Bacton IP	0.0095	0.0089	0.0006

Table 2 Indicative Exit Capacity Reserve Price³ for Interconnection Points for the Annual Yearly Auctions which will take place in July 2019.

Offtake Point	Type of Offtake	from 1 Oct 19 Pence per kWh per day (Indicative)	from 1 Oct 18 Pence per kWh per day (final)	Change Pence per kWh per day
Bacton IUK	INTERCONNECTOR	0.0019	0.0001	0.0018
Bacton BBL	INTERCONNECTOR	0.0019	0.0001	0.0018
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	0.0048	0.0001	0.0047

³ Published in April 2018,
www.nationalgridgas.com/sites/gas/files/documents/Exit%20capacity%20notice%201%20may%202018_1.pdf