

30 April 2019

Indicative NTS Transportation Charges to apply from 1 October 2019

This notice is issued in line with National Grid Gas' ("National Grid") Transporters Licence in respect of the NTS and our obligations contained in the Uniform Network Code (UNC), which requires National Grid to provide at least 150 days' notice of changes to its gas transportation charges (the 'indicative' notice). This notice details changes that will apply from 1 October 2019. A Notice of the actual charges will be published by 1 August 2019, to provide the two months' notice required by the Licence and Network Code.

A copy of our document "**Notice of Indicative Gas Transmission Transportation Charges effective from 1 October 2019**" is available on the National Grid website using the following [link](#) under 'Indicative Notices'. **It should be read in conjunction with this note.**

There are currently several UNC charging modifications running which may affect the Transportation charging methodology. Modification 0678 'Amendments to Gas Transmission Charging Regime' (including ten alternates) and Modification 0686 - 'Removal of the NTS Optional Commodity Rate with adequate notice'. There is the potential for the payable prices associated with capacity allocated and commodity charges to be impacted by such modifications.

Market participants should keep up to date and engage with how the Tariff Network Code will be reflected in the UNC via the Joint Office (<http://www.gasgovernance.co.uk/livemods>).

Please note that the charges included in this notice are currently calculated solely on the current methodology, in line with the UNC, and will continue to be so until more certainty is available on the potential changes.

NTS TO Exit Capacity charges

NTS TO Exit Capacity charges¹ and Exit Capacity charges relating to the Interconnector Points (IPs)² effective from 1 October 2019 have been published in **separate notices** on 30 April 2019.

Summary explanation of the changes to the Commodity charges from 1 October 2019

Charging Base

Although the new Demand Statements (DS) have not been released, the Summer Outlook Report (SOR) has been published and used to adjust our view of gas demand in 2019/20. Using the SOR

¹ Please note that the October 2019 charges (along with 2020/21 to 2022/23 indicative charges) were also published on 30 April 2019 for the user commitment in the 2019 Exit Capacity Application Window. Details can be found on the National Grid website at <https://www.nationalgrid.com/uk/gas/charging-and-methodologies/transmission-system-charges> under Final and Indicative Notices.

² Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices can be found at <https://www.nationalgrid.com/uk/gas/charging-and-methodologies/transmission-system-charges>

we have increased the charging base forecast by 11TWh in the EU Exports sector (14%) and by 24 TWh in the power generation sector (14%).

The forecast demand will be revisited before confirming final prices in October 2019 when a new set of DS data will be available (May/June 2019).

Allowed Revenues

There is no material change to the Gas Transportation Owner (TO) Maximum Allowed Revenue (MAR) from that used to set the current charges.

On the Gas System Operator (SO) side, there is a £8.7m reduction in our view of the MAR, principally due to our revised forecast of external costs.

NTS Commodity Charges

A summary of the NTS Commodity charges can be found in the Table 1 below. Our estimated ranges around these rates are given in Table 2 below and are based on the uncertainties around the allowed revenues and forecast demands.

Table 1 NTS Commodity Charges

p/kWh	April 2019	Indicative October 2019	Average 2018/19	Average 2019/20	Change from current
TO Entry Commodity	0.0458	0.0445	0.0435	0.0450	-0.0013
TO Exit Commodity	0.0236	0.0220	0.0212	0.0225	-0.0016
SO Commodity (Entry & Exit)	0.0149	0.0121	0.0095	0.0131	-0.0028
St. Fergus Compression	0.0170	0.0130	0.0135	0.0145	-0.0040

Table 2 Ranges

p/kWh	Indicative rates	Lower range	Upper range
TO Entry Commodity	0.0445	-10%	10%
TO Exit Commodity	0.0220	-10%	10%
SO Commodity (Entry & Exit)	0.0121	-25%	0%
St. Fergus Compression	0.0130	-15%	30%

Supporting Information

Guidance and detailed supporting charge setting information will be made available on the National Grid website at this [Link](#)

This includes the quarterly **charge setting report** which details:

- information about the components of the TO and SO allowed revenues;
- how they have changed since April's charges were set; and
- how this information in conjunction with the charging base is used to calculate charges.

Getting in touch

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 on 01926 656853 dave.bayliss@nationalgrid.com or email our charging team at box.transmissioncapacityandcharging@nationalgrid.com.