

31 July 2024

RE: Notice of Revised NTS Charges to apply from 1 October 2024

This notice is issued in line with National Gas’ Transporters Licence in respect of the NTS and our obligations contained in the Uniform Network Code, which requires National Gas to provide at least two months’ notice of changes to its gas transportation charges. This notice details The General Non-Transmission Services Charges and St Fergus Compression Charge that will apply from 1 October 2024.

A copy of our document “Notice of Gas Transmission Transportation Charges effective from 1 October 2024”, which contains all charges that will apply from 1 October 2024 is available on the National Gas website <https://www.nationalgas.com/charging/transmission-system-charges> and should be read in conjunction with this note.

The charges included in this notice are calculated in accordance with Section Y of the Uniform Network Code, and UNC Code Modification 0857 which was approved in April 2024 with an implementation date of 1 October 2024.

General Non-Transmission Services Charges

The final General Non-Transmission Services Charge for October 2024 is set at **0.0075** p/kWh. The indicative values for Gas Years 25-26 to 28-29 are contained in the table below.

	Final	Future Year Indicatives			
	Oct 24 – Sep 25	Oct 25 – Sep 26	Oct 26 – Sep 27	Oct 27 – Sep 28	Oct 28 – Sep 29
General Non-Transmission Services Charges (p/kWh)	0.0075	0.0208	0.0211	0.0210	0.0215

Please note: the charges for Gas Year 2024-25 are based upon the System Operator (SO) allowed revenues determined through the Price Control Financial Model (PCFM) as at May 2024. Future year indicative prices for 25/26 use the same base PCFM, with all future years using the latest years value plus 3%.

St Fergus Compression Charge

The Compression Charge levied at the North Sea Midstream Partners (NSMP) sub-terminal at St. Fergus is set at **0.0133** p/kWh.

Supporting Information

The revenue values used in the production of the prices in this notice are shown below. The values used for setting the prices applicable from October 2024 use the PCFM (Price Control Financial Model) extract that are based on the [PCFM published by Ofgem in May 2024](#).

To provide indicative values for years 26/27 to 28/29 we have used the allowed revenue from the previous year +3%.

In addition to the SO revenues in the linked PCFM extract, the table below shows the values for Non-Transmission Services which considers a forecast of Non-Obligated Exit Capacity that is recovered as a Transmission Services charge, and the Gas Year Target Revenue following the application of UNC Code Modification 0857.

Allowed Revenues used for calculation of prices:

	Apr 24 – Mar 25	Apr 25 – Mar 26	Apr 26 – Mar27	Apr 27 – Mar 28	Apr 28 – Mar 29
NTS System Operation Revenue (£m)	339.0	310.7	320.1	329.7	339.6
Non-Transmission Services Revenue (£m)	330.6	302.4	311.7	321.4	331.3
General Non-Transmission Services Target Revenue (£m – For Gas Year starting in the Formula Year)	128.4	314.8	317.7	335.0	334.0

The essence of the methodology to calculate the General Non-Transmission Services target revenue is to take a proportion of the revenues from the PCFM across two Regulatory periods (April to March) to calculate a revenue target for the Gas or Tariff Year (October to September) that crosses them. This, implemented as part of UNC0857, smooths some of the revenue volatility that would otherwise impact the Prices. This means that in some years tariffs may be set to over or under recover relative to the Regulatory Revenues from the PCFM in any given year.

For the Regulatory Year ending March 2025, the tariffs calculated would result in an over recovery relative to the Allowed Revenue of c£48.5m. In accordance with our Licence, where there is an over recovery, Ofgem are required to provide their consent for where the over recovery is the result of following the applicable charging methodology as implemented by UNC0857. Ofgem’s letter confirming their approval of the over recovery is published [here](#).

To help illustrate this the table below provides some useful information on the anticipated revenue collection that underpins the charges being set.

	Apr 24 – Mar 25	Apr 25 – Mar 26	Apr 26 – Mar27	Apr 27 – Mar 28	Apr 28 – Mar 29
SO FY Target Revenue (£m)	339.0	310.7	320.1	329.7	339.6
SO FY Forecast Revenue (£m)	387.5	261.8	321.7	327.0	339.7
SO Revenue Recovery Variance (£m)	48.5	-48.9	1.6	-2.7	0.1

As can be seen, for the Regulatory Year ending March 2025, the tariffs calculated would result in a net SO over recovery c.£48.5m relative to the Allowed Revenues and following this methodology would result in a mixture of under and over recovery across future years. This is the smoothing effect working through over time under the methodology that UNC0857 introduces.

National Gas hosted a webinar on 25th June which alongside a review of the Transmission Services charges also highlighted the key inputs and drivers behind the General Non-Transmission Charges for October 2024. These materials were based on the Indicative General Non-Transmission Services prices published at the end of May 2024, and although there has been some small revision to the final numbers the context and messaging behind the derivation of these values remains applicable to these final values. The materials from this are available on the National Gas website.

National Gas will be publishing the Transportation Models used to calculate the Transmission Services and General Non-Transmission Services prices for October 2024 on the National Gas website at <https://www.nationalgas.com/charging/transmission-system-charges>

There will be an opportunity to discuss these charges at subsequent NTS Charging Methodology Forums (NTSCMF), details of which can be found at <http://www.gasgovernance.co.uk/ntscmf/>.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact our charging team at Box.NTSGasCharges@nationalgas.com