

30th July 2021

Revised NTS Charges to apply from 1 October 2021

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, which requires National Grid to provide at least two months' notice of changes to its gas transportation charges. This notice details The General Non-Transmission Services charges that will apply from 1 October 2021.

A copy of our document "**Notice of Gas Transmission Transportation Charges effective from 1 October 2021**", which contains all charges that will apply from 1 October 2021 is available on the National Grid website <https://www.nationalgridgas.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.

General Non-Transmission Services Charges

The final **General Non-Transmission Services Charge** for October 2021 is set at **0.0092** p/kWh. The indicative values for Gas Years 22-23 to 25-26 are contained in the table below.

	<i>Final</i>	<i>Future Year Indicatives</i>			
	Oct 21 – Mar 22	Oct 22 – Sep 23	Oct 23 – Sep 24	Oct 24 – Sep 25	Oct 25 – Sep 26
<i>General Non-Transmission Services</i>	0.0092	0.0080	0.0121	0.0089	0.0105

Please note, the charges for Gas Year 2021-22, and the future year indicative prices are based upon the System Operator allowed revenues determined through the Price Control Financial Model (PCFM) as at February 2021.

This included a forecast of shrinkage costs at the time which were based on an average gas price of 42p/th. The latest forecast of this average gas price is 85p/th, which increases the forecast of shrinkage costs for Gas Year 2021-22, a higher level than those used for setting the SO Allowed Revenue and by default the General Non-Transmission Charges.

To update the shrinkage value would mean adjusting the allowed revenues which is not possible given the limitations on updating allowed revenues after the PCFM has been issued, outlined in our Transportation Licence. Therefore National Grid cannot account for the latest view of these costs in setting these charges from October 2021.

Should these costs continue to align with latest forecasts, any additional costs incurred in Gas Year 2021-22 above the values embedded in the charges from October 2021 will adjust next years allowed

revenues and will be recovered through an increase to the General Non-Transmission Services charges from Gas Year 2022-23.

National Grid has notified Ofgem of this issue and will seek to work with Ofgem and industry participants to progress the necessary changes to the licence in order to ensure all available information can be used in setting prices ahead of the Gas Year going forwards.

St Fergus Compression Charge

The **Compression Charge** levied at the North Sea Midstream Partners (NSMP) sub-terminal at St. Fergus is to increase to **0.0169** p/kWh. Forecast costs for this compression have increased due to increases in gas prices.

Supporting Information

National Grid will be publishing the Transportation Models used to calculate the Transmission Services and General Non-Transmission Services prices for October 2021 on the National Grid website at <https://www.nationalgridgas.com/charging/transmission-system-charges>

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 have any questions, please contact our Charging Team at box.NTSGasCharges@nationalgrid.com.