

David O'Neill
Head of Gas Systems
10 South Colonnade
Canary Wharf
London
E14 4PU

Steve Fisher
Commercial Operations Manager

steve.r.fisher@nationalgrid.com
Direct tel +44 (0)1926 653428

www.nationalgrid.com

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Dear David,

RE: March 2021 QSEC Auction Prices.

National Grid is publishing this notice to provide the QSEC System Entry Capacity Auction Reserve Price which will be applied to the next QSEC auction that will take place during March 2021, following the implementation of UNC Modification 0727.

On the 5th June 2020, National Grid published the Capacity Reserve Price for the Gas Year October 2020 - September 2021, along with an additional 4 years of indicative charges for Gas Years 21/22 to 24/25. These indicative values are used as the auction price for the respective auctions of capacity for future years, and were calculated in accordance with UNC Modification 0678A, which applied a 50% discount rate for Storage Sites.

During December 2020, Ofgem approved UNC Modification 0727, which increases the Storage Discount rate to 80% from 1 October 2021. Given this recently approved UNC Modification we have therefore applied this updated discount rate to the calculation of the indicative charges used to set the auction reserve prices for the March 2021 QSEC auction to reflect the storage discount that will be in force in the UNC when the capacity is to be utilised.

No other changes or revisions have been made to the data used to calculate these indicative charges with respect to the Allowed Transmission Services Revenues or Forecasted Contracted Capacity values, from those published in June 2020.

The Quarterly System Entry Capacity (QSEC) auction prices for March 2021 are shown in Table 1 of the attachment to this notice. These prices have been calculated in accordance with the arrangements as set out in section Y of the UNC and UNC Modification 0727.

All auctions have Reserve Prices. As prescribed in the UNC a multiplier of 1 has been applied to the Reference Price for all Entry and Exit capacity products to determine the Reserve Prices for each auction.

The payable price for any year for capacity procured is linked to the prevailing Reserve Prices which are calculated and updated ahead of each Gas Year, and these will be the prevailing Reserve Prices applicable for the relevant Gas Year regardless of when the capacity is procured, plus any Auction Premium (the difference between the allocated price and the Reserve Price in the relevant auction when the capacity was initially contracted).

For the purposes of capacity step prices used in the QSEC Auction, these will be an additional 5% of the applicable Reserve Price or 0.0001 p/kWh/d, whichever is the greatest. The number of steps applicable for each Entry Point is as per Appendix D of the Transportation Statement.

If you have any questions relating to this notice, please contact our charging team at box.NTSGasCharges@nationalgrid.com.

Yours sincerely,

Steve Fisher
Commercial Operations Manager

Table 1: Entry Capacity Auction Reserve Prices for QSEC Auction March 2021

QSEC Reserve Prices, Pence per kWh per day

Entry Point	Type of Entry Point	NTS Entry (Firm) Capacity Auction Reserve Price (p/kWh/day)
Bacton	Beach Terminal	0.0594
Barrow	Beach Terminal	0.0594
Easington	Beach Terminal	0.0594
Isle of Grain	LNG Importation Terminal	0.0594
Milford Haven	LNG Importation Terminal	0.0594
St Fergus	Beach Terminal	0.0594
Teesside	Beach Terminal	0.0594
Theddlethorpe	Beach Terminal	0.0594
Burton Point	Onshore Field	0.0594
Canonbie	Onshore Field	0.0594
Hatfield Moor (onshore)	Onshore Field	0.0594
Wytch Farm	Onshore Field	0.0594
Barton Stacey	Storage Site	0.0119
Caythorpe	Storage Site	0.0119
Cheshire	Storage Site	0.0119
Dynevor Arms	Storage Site	0.0119
Fleetwood	Storage Site	0.0119
Garton	Storage Site	0.0119
Glenmavis	Storage Site	0.0119
Hatfield Moor (storage)	Storage Site	0.0119
Hole House Farm	Storage Site	0.0119
Hornsea	Storage Site	0.0119
Partington	Storage Site	0.0119
Avonmouth	Storage Site	0.0119
Murrow	Biomethane Plant	0.0594