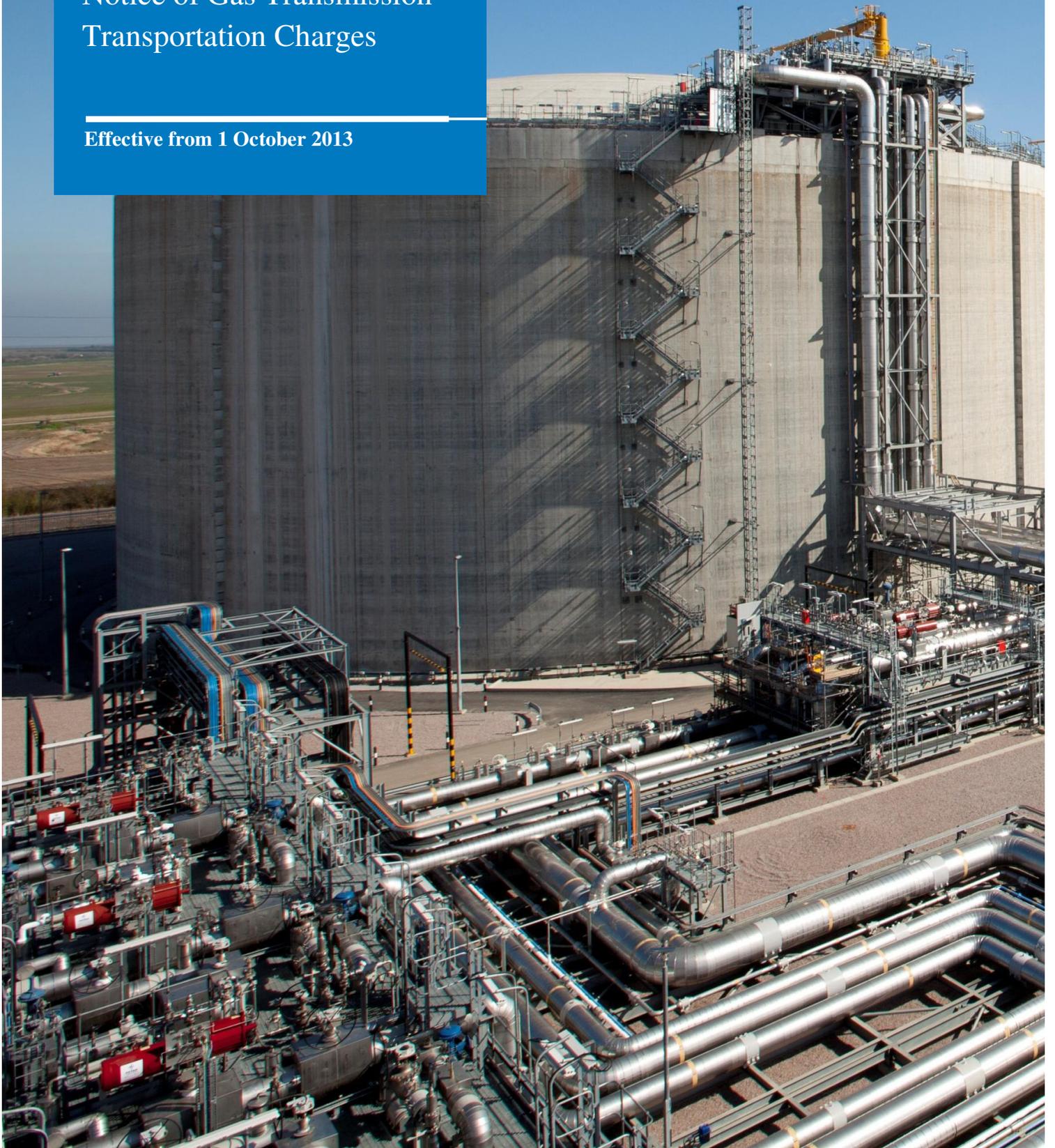


Notice of Gas Transmission Transportation Charges

Effective from 1 October 2013



Introduction

NTS Charges to Apply From 1 October 2013

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 changes that will apply from 1 October 2013 and follows the 'indicative notice' published on 1 May 2013. For the avoidance of doubt all charges **not** mentioned in this notice are unchanged from those in the 1 April 2103 Transportation Charging Statement¹, although we have included the NTS Exit Capacity charges in Appendix 3 which were published on 1 May 2013 and have not changed.

This notice is split into four parts:

- **TO Charges**
 - TO Entry and Exit Commodity
 - TO Entry Capacity Reserve prices 2014/15
- **SO Charges**
 - SO Entry and Exit Commodity
 - St Fergus Compression
- **Tools and Supporting Information**
- **Appendices**

Basis of preparing the charges

National Grid sets its charges to recover the price controlled allowances set by Ofgem. The current price control RIIO-T1 applies from 1 April 2013 and is the basis for calculating the charges contained in this notice.

Charging Base

National Grid received updated demand forecasts at the end of May. Our assumptions around industrial and power generation demands continue to be based on a view that gas fired power generation remains lower in the merit order, compared to coal. We previously thought this would reverse in the second half of the year but now forecast this to continue through 2013/14 until the operation of coal plant potentially becomes restricted under the government's Large Combustion Plant Directive (LCPD). This has resulted in a 5% reduction in the forecast throughput volumes for 2013/14 compared to April 2013 charge setting and 1% lower than forecast volumes at the October

¹<http://www.gasgovernance.co.uk/sites/default/files/Transportation%20charging%20Statement%20april%202013.pdf>

TO Charges

indicative stage. For a set target revenue recovery, charges are raised when there is a lower volume charging base.

TO Allowed Revenues

National Grid has completed its assessment of the allowed revenue for 2012/13 and as previously confirmed there will be no TO Entry Commodity rebate with respect to 2012/13.

The TO allowed revenue has reduced by £5m to £622m compared to the April 2013 charge setting value of £627m. However, most of this reduction feeds through to the Exit side via the separate k calculations on Entry and Exit.

Commodity Charges

NTS TO Entry Commodity Charge

The NTS TO Entry Commodity charge levied on entry flows is will increase to **0.0249** p/kWh (2%) from its current rate of 0.0244 p/kWh, the average rate was 0.0303 p/kWh in 2012/13. The revenue to be collected through TO Entry remains at £294m. As noted in the indicative notice we are seeking to recover around £2m less from TO Entry Commodity charge due to slightly higher than expected revenues from the short term auctions and the Annual Monthly System Entry (AMSEC) Auction, which took place in February 2013. However, the forecast of entry throughput volumes has fallen by 3% and hence caused this charge to rise.

NTS TO Exit Commodity Charge

The TO Exit Commodity charge, which was introduced in October 2012, is a residual charge to enable National Grid to collect the correct TO Exit income from Exit shippers when NTS Exit capacity has not been booked up to the aggregate baseline levels.

Taking into account the Exit Capacity charges and capacity bookings for the remainder of the year, the TO Exit Commodity rate is **0.0117** p/kWh, an increase of 4.5% on the current rate of 0.0112 p/kWh.

Although Exit allowed revenue has fallen by £5m, we have seen approximately a £3m reduction in Exit Capacity revenue from bookings and hence the decrease in the revenue to collect via the TO Exit Commodity charge is £2m. However, forecast Exit throughput volumes have reduced by 4% resulting in an increase in the revised TO Exit Commodity rate.

A summary of TO Commodity charges can be found in Appendix 4.

TO Charges

Capacity Charges

TO Entry Capacity Reserve Prices

Revised reserve prices for Capacity bids placed in the 2014 AMSEC auction for 2014/15 have been calculated using National Grid's Transportation Model², which has been updated to reflect changes in demand levels, the pipeline network, supply patterns, obligated Entry Capacity levels, and the cost of investment through the expansion constant, all of which may affect the charges. All prices have been calculated using the NTS obligated Entry Capacity levels.

Compared to the recently published³ Monthly System Entry Capacity reserve prices for 2013/14, there have been small changes to National Grid's forecasts of supply and demand, which has had minor effects on the 2014/15 reserve prices.

The revised reserve prices (an updated version of Table 3 from the NTS Gas Transportation Charges Statement) can be found in Appendix 2 of this notice.

NTS Exit Capacity Charges

NTS Exit Capacity charges, effective from 1 October 2013, have been published⁴ in a separate notice on 1 May 2013 but are also available in Appendix 3.

² See Supporting Information section for information on how to obtain a copy of our model.

³ <http://www.gasgovernance.co.uk/sites/default/files/RMSEC%20notice%20for%20Oct%202013.pdf>

⁴ <http://www.gasgovernance.co.uk/sites/default/files/Exit%20capacity%20notice%201%20may2013.pdf>

SO Charges

SO Allowed Revenues

The SO allowed revenue is forecast to increase by £77m to £387m, compared to when charges were set for April 2013. The changes are broken down as follows;

- Forecast increases in shrinkage costs (£14m) impacting on the SO Allowed Revenue. Shrinkage costs are anticipated to increase due to higher than forecast Unaccounted for Gas (UAG) volumes than was foreseen at the indicative stage, and a slight increase in expected gas prices. The UAG volumes are currently higher than in the previous year.
- We have included £9m of permit income following the outcome of the Quarterly System Entry Capacity (QSEC) auction.
- Revised over recovery from 2012/13 of £16m to £1m has had the effect of increasing the SO allowed revenue by £15m compared to our view at the indicative stage. The estimated over recovery from 2012/13 used in the indicative charges was £16m and was included in the April 2013 charges. Due to a clarification of the Licence, the £16m over recovery has been amended to £1m, therefore increasing the SO allowed revenue by £15m compare to April 2013.
- £6m increase in residual balancing costs.
- The £33m estimate for the Aberdeen meter reconciliation at the indicative stage has no longer been included due to uncertainty over both the timescale and the size of the error.

Revenue from other sources, including residual balancing costs, has gone up by £14m, leaving an increase in the target SO income of £62m.

There has been a decrease in the charging base following revised demand forecasts, which is applied to the remainder of the year.

NTS SO Commodity Charges

The NTS SO Commodity charge, as applied to both entry and exit flows, is **0.0251** p/kWh (43%) compared to the current rate of 0.0176 p/kWh. This means that the average NTS SO Commodity rate for 2013/14 is 0.0223 p/kWh compared to an average rate for 2012/13 of 0.0234 p/kWh. The charge has increased due to the increases in the SO allowed revenue described above and a reduced charging base.

The revised rate does not include the Aberdeen meter reconciliation due to uncertainty around the amount as the process has yet to be completed. Meter reconciliation is an independent process carried out in accordance with the UNC and although the process is defined under UNC a number of the timescales are not. National Grid will consider doing a third price change if the process is completed or has sufficient clarity by December 2013, or earlier, which we anticipate may reduce the NTS SO Commodity charge.

SO Charges

Other SO Charges

The **Compression Charge** levied at the Total Oil Marine sub-terminal at St. Fergus is to increase from its current level of 0.0176 p/kWh to **0.0205** p/kWh, a 16% increase due to a rise in costs based on an increase in required fuel and forecast gas prices.

A summary of the SO charges can be found in Appendix 4.

Supporting Information

Supporting Information

Guidance and detailed supporting charge setting information will be made available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>. This includes:

- detailed 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.

National Grid will be making the Transportation Model available to parties that have signed the licence agreement for the model. Details of how to obtain the model can also be found at the link above. 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.nationalgrid.com/uk/Gas/Charges/TCMF/>.

Getting in touch

If you have any questions or feedback about this document, or NTS charges in general, please contact Karin Elmhirst (01926 655540) or Debra Hawkin (07968 340721).

Comments & Feedback

As part of our commitment to customers, National Grid welcomes comments and feedback on the information contained in this notice. In particular, to ensure that information is provided and presented in a way that is of most use to customers, we would welcome specific feedback on:

- The level of numeric detail provided to explain charge changes;
- The quality of the explanation given to describe and explain charge changes;
- Information that is not useful and could be omitted;
- Information that is missing that could be added.

These should be sent to:

Karin Elmhirst
National Grid
Warwick Technology Park
Warwick
CV34 6DA

or email to Karin.elmhirst@nationalgrid.com

Appendices

Appendix 1

Table 1 Forecast Allowed Revenues for Financial year 2013/14

	2013/14 at April 2013 (Final)	2013/14 at October 2013 (Indicative)	October 13 Final	Change April to October Final
TO Maximum Allowed Revenue	£627m	£627m	£622m	-£5m
SO Maximum Allowed Revenue	£310m	£315m	£387m	£77m
Revenues to be collected from:				
NTS TO Entry Commodity	£180m	£177m	£178m	-£2m
NTS TO Exit Commodity	£81m	£79m	£79m	-£2m
NTS SO Commodity	£258m	£253m	£320m	£62m

Appendices

Appendix 2 Entry Capacity Reserve Prices for Capacity for use from 1 October 2013

Updated values shown in bold.

Entry Point	MSEC Reserve Prices		
	Pence per kWh per day		
	From 1 Oct 12 to 30 Sep 13	Y From 1 Oct 13 to 30 Sep 14	Y+1 From 1 Oct 14 to 30 Sep 15
Coastal Terminals & LNG Importation			
Bacton	0.0081	0.0085	0.0086
Barrow	0.0002	0.0001	0.0001
Easington & Rough	0.0107	0.0113	0.0114
Isle of Grain	0.0001	0.0005	0.0002
Milford Haven	0.0193	0.0199	0.0199
St Fergus	0.0410	0.0403	0.0406
Teesside	0.0074	0.0090	0.0094
Theddlethorpe & Saltfleetby	0.0106	0.0112	0.0112
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0001
Hatfield Moor	0.0032	0.0036	0.0037
Hole House Farm	0.0001	0.0001	0.0001
Wytch Farm	0.0001	0.0001	0.0001
Storage			
Barton Stacey	0.0001	0.0001	0.0001
Canonbie	-	0.0001	0.0001
Caythorpe	0.0118	0.0111	0.0122
Cheshire	0.0001	0.0001	0.0001
Dynevor Arms	0.0071	0.0086	0.0078
Fleetwood	0.0019	0.0001	0.0008
Garton	0.0109	0.0124	0.0124
Glenmavis	0.0123	0.0094	0.0120
Hatfield Moor	0.0032	0.0036	0.0037
Hornsea	0.0110	0.0116	0.0116
Partington	0.0001	0.0001	0.0001
Constrained LNG			
Avonmouth	0.0001	0.0001	0.0001
Moffat	0.0054	0.0032	0.0033

Appendices

Appendix 3 shows NTS Exit Capacity charges effective from 1 October 2013⁵

Table 2 NTS Exit Capacity Charges

	Type of Offtake	2013/14 at Oct-13
Bacton	GDN (EA)	0.0001
Brisley	GDN (EA)	0.0011
Cambridge	GDN (EA)	0.0077
Great Wilbraham	GDN (EA)	0.0067
Matching Green	GDN (EA)	0.0109
Peterborough Eye (Tee)	GDN (EA)	0.0066
Roudham Heath	GDN (EA)	0.0028
Royston	GDN (EA)	0.0086
Whitwell	GDN (EA)	0.0106
West Winch	GDN (EA)	0.0035
Yelverton	GDN (EA)	0.0005
Alrewas (EM)	GDN (EM)	0.0156
Blaby	GDN (EM)	0.0119
Blyborough	GDN (EM)	0.0035
Caldecott	GDN (EM)	0.0094
Thornton Curtis (DN)	GDN (EM)	0.0001
Drointon	GDN (EM)	0.0167
Gosberton	GDN (EM)	0.0046
Kirkstead	GDN (EM)	0.0025
Market Harborough	GDN (EM)	0.0106
Silk Willoughby	GDN (EM)	0.0038
Sutton Bridge	GDN (EM)	0.0054
Tur Langton	GDN (EM)	0.0108
Walesby	GDN (EM)	0.0001
Asselby	GDN (NE)	0.0016
Baldersby	GDN (NE)	0.0031
Burley Bank	GDN (NE)	0.0053
Ganstead	GDN (NE)	0.0001
Pannal	GDN (NE)	0.0057
Paull	GDN (NE)	0.0001

⁵ Please note that the October 2013 charges (along with 2014/15 to 2016/17 indicative charges) were also published on 1 May 2013 for the user commitment calculations in the 2013 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/> 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2013 and Indicative NTS Exit (Flat) Capacity Charges for the 2013 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

Appendices

	Type of Offtake	2013/14 at Oct-13
Pickering	GDN (NE)	0.0028
Rawcliffe	GDN (NE)	0.0018
Towton	GDN (NE)	0.0039
Bishop Auckland	GDN (NO)	0.0011
Coldstream	GDN (NO)	0.0001
Corbridge	GDN (NO)	0.0041
Cowpen Bewley	GDN (NO)	0.0001
Elton	GDN (NO)	0.0002
Guyzance	GDN (NO)	0.0014
Humbleton	GDN (NO)	0.0001
Keld	GDN (NO)	0.0110
Little Burdon	GDN (NO)	0.0007
Melkinton	GDN (NO)	0.0102
Saltwick Pressure Controlled	GDN (NO)	0.0028
Saltwick Volumetric Controlled	GDN (NO)	0.0028
Thrintoft	GDN (NO)	0.0024
Towlaw	GDN (NO)	0.0032
Wetheral	GDN (NO)	0.0076
Horndon	GDN (NT)	0.0091
Luxborough Lane	GDN (NT)	0.0116
Peters Green	GDN (NT)	0.0110
Peters Green South Mimms	GDN (NT)	0.0110
Winkfield (NT)	GDN (NT)	0.0201
Audley (NW)	GDN (NW)	0.0204
Blackrod	GDN (NW)	0.0174
Ecclestone	GDN (NW)	0.0238
Holmes Chapel	GDN (NW)	0.0217
Lupton	GDN (NW)	0.0137
Malpas	GDN (NW)	0.0224
Mickle Trafford	GDN (NW)	0.0237
Partington	GDN (NW)	0.0227
Samlesbury	GDN (NW)	0.0159
Warburton	GDN (NW)	0.0225
Weston Point	GDN (NW)	0.0247
Aberdeen	GDN (SC)	0.0001
Armadale	GDN (SC)	0.0001
Balgray	GDN (SC)	0.0001
Bathgate	GDN (SC)	0.0001
Burnervie	GDN (SC)	0.0001
Broxburn	GDN (SC)	0.0001
Careston	GDN (SC)	0.0001
Drum	GDN (SC)	0.0001

Appendices

	Type of Offtake	2013/14 at Oct-13
St Fergus	GDN (SC)	0.0001
Glenmavis	GDN (SC)	0.0001
Hume	GDN (SC)	0.0002
Kinknockie	GDN (SC)	0.0001
Langholm	GDN (SC)	0.0051
Lauderhill	GDN (SC)	0.0014
Lockerbie	GDN (SC)	0.0041
Netherhowcleugh	GDN (SC)	0.0022
Pitcairngreen	GDN (SC)	0.0001
Soutra	GDN (SC)	0.0020
Stranraer	GDN (SC)	0.0030
Farningham	GDN (SE)	0.0092
Farningham B	GDN (SE)	0.0092
Shorne	GDN (SE)	0.0081
Tatsfield	GDN (SE)	0.0110
Winkfield (SE)	GDN (SE)	0.0201
Braishfield A	GDN (SO)	0.0238
Braishfield B	GDN (SO)	0.0238
Crawley Down	GDN (SO)	0.0224
Hardwick	GDN (SO)	0.0146
Ipsden	GDN (SO)	0.0180
Ipsden 2	GDN (SO)	0.0180
Mappowder	GDN (SO)	0.0199
Winkfield (SO)	GDN (SO)	0.0201
Aylesbeare	GDN (SW)	0.0222
Cirencester	GDN (SW)	0.0111
Coffinswell	GDN (SW)	0.0250
Easton Grey	GDN (SW)	0.0117
Evesham	GDN (SW)	0.0080
Fiddington	GDN (SW)	0.0067
Ilchester	GDN (SW)	0.0177
Kenn	GDN (SW)	0.0233
Littleton Drew	GDN (SW)	0.0125
Lyneham (Choakford)	GDN (SW)	0.0278
Pucklechurch	GDN (SW)	0.0134
Ross (SW)	GDN (SW)	0.0037
Seabank (DN)	GDN (SW)	0.0154
Alrewas (WM)	GDN (WM)	0.0156
Aspley	GDN (WM)	0.0187
Audley (WM)	GDN (WM)	0.0204
Austrey	GDN (WM)	0.0149
Leamington	GDN (WM)	0.0107

Appendices

	Type of Offtake	2013/14 at Oct-13
Lower Quinton	GDN (WM)	0.0091
Milwich	GDN (WM)	0.0174
Ross (WM)	GDN (WM)	0.0037
Rugby	GDN (WM)	0.0118
Shustoke	GDN (WM)	0.0161
Stratford-upon-Avon	GDN (WM)	0.0093
Maelor	GDN (WN)	0.0232
Dowlais	GDN (WS)	0.0001
Dyffryn Clydach	GDN (WS)	0.0001
Gilwern	GDN (WS)	0.0006
Ferry Knoll (AM Paper)	DC	0.0199
Tonna (Baglan Bay)	DC	0.0001
Barking (Horndon)	DC	0.0091
Barrow (Black Start)	DC	0.0100
Billingham ICI (Terra Billingham)	DC	0.0001
Bishop Auckland (test facility)	DC	0.0011
Blackness (BP Grangemouth)	DC	0.0001
Saltend BPHP (BP Saltend HP)	DC	0.0001
Shotwick (Bridgewater Paper)	DC	0.0245
Blyborough (Brigg)	DC	0.0045
Epping Green (Enfield Energy, aka Brimsdown)	DC	0.0119
Brine Field (Teesside) Power Station	DC	0.0001
Pickmere (Winnington Power, aka Brunner Mond)	DC	0.0228
Carrington (Partington) Power Station	DC	0.0227
Centrax Industrial	DC	0.0248
Cockenzie Power Station	DC	0.0001
Burton Point (Connahs Quay)	DC	0.0249
Caldecott (Corby Power Station)	DC	0.0098
Stanford Le Hope (Coryton)	DC	0.0088
Coryton 2 (Thames Haven) Power Station	DC	0.0088
Blyborough (Cottam)	DC	0.0035
Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	DC	0.0067
Deeside	DC	0.0249
Didcot PS	DC	0.0183
Drakelow Power Station	DC	0.0151
Enron Billingham	DC	0.0001
Goole (Guardian Glass)	DC	0.0022
Grain Power Station	DC	0.0067
Bacton (Great Yarmouth)	DC	0.0001
Hatfield Power Station	DC	0.0018
Hollingsgreen (Hays Chemicals)	DC	0.0216

Appendices

	Type of Offtake	2013/14 at Oct-13
Weston Point (Castner Kelner, aka ICI Runcorn)	DC	0.0247
Thornton Curtis (Humber Refinery, aka Immingham)	DC	0.0001
Eastoft (Keadby Blackstart)	DC	0.0033
Eastoft (Keadby)	DC	0.0033
Shellstar (aka Kemira, not Kemira CHP)	DC	0.0243
Saddle Bow (Kings Lynn)	DC	0.0039
Kintore (Rolls Wood)	DC	0.0001
Langage Power Station	DC	0.0278
St. Neots (Little Barford)	DC	0.0107
Gowkhall (Longannet)	DC	0.0001
Marchwood Power Station	DC	0.0240
Medway (aka Isle of Grain Power Station, NOT Grain Power)	DC	0.0068
Upper Neeston (Milford Haven Refinery)	DC	0.0001
Blackbridge (Pembroke PS)	DC	0.0001
Peterborough (Peterborough Power Station)	DC	0.0070
St. Fergus (Peterhead)	DC	0.0001
Phillips Petroleum, Teeside	DC	0.0001
Weston Point (Rocksavage)	DC	0.0247
Roosecote (Roosecote Power Station)	DC	0.0100
Ryehouse	DC	0.0124
Rosehill (Saltend Power Station)	DC	0.0001
Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	DC	0.0163
Seabank (Seabank Power Station phase II)	DC	0.0152
Abson (Seabank Power Station phase I)	DC	0.0134
Sellafield Power Station	DC	0.0142
Terra Nitrogen (aka ICI, Terra Severnside)	DC	0.0151
Harwarden (Shotton, aka Shotton Paper)	DC	0.0248
Wragg Marsh (Spalding)	DC	0.0050
Spalding 2 (South Holland) Power Station	DC	0.0050
St. Fergus (Shell Blackstart)	DC	0.0001
Stallingborough (phase 1 and 2)	DC	0.0001
Staythorpe PH1 and PH2	DC	0.0065
Sutton Bridge Power Station	DC	0.0053
Teesside (BASF, aka BASF Teesside)	DC	0.0001
Teesside Hydrogen	DC	0.0001
Thornton Curtis (Killingholme)	DC	0.0001
Tilbury Power Station	DC	0.0084
West Burton PS	DC	0.0036
Willington Power Station	DC	0.0166

Appendices

	Type of Offtake	2013/14 at Oct-13
Wyre Power Station	DC	0.0175
Zeneca (ICI Avecia, aka 'Zenica')	DC	0.0001
Bacton (IUK/BBL)	INTERCONNECTOR	0.0001
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	0.0030
Avonmouth Max Refill	STORAGE SITE	0.0152
Bacton (Baird)	STORAGE SITE	0.0001
Deborah Storage (Bacton)	STORAGE SITE	0.0001
Barrow (Bains)	STORAGE SITE	0.0100
Barrow (Gateway)	STORAGE SITE	0.0100
Barton Stacey Max Refill (Humbly Grove)	STORAGE SITE	0.0222
Caythorpe	STORAGE SITE	0.0001
Cheshire (Holford)	STORAGE SITE	0.0221
Dynevor Max Refill	STORAGE SITE	0.0001
Rough Max Refill	STORAGE SITE	0.0001
Garton Max Refill (Aldbrough)	STORAGE SITE	0.0001
Glenmavis Max Refill	STORAGE SITE	0.0001
Hatfield Moor Max Refill	STORAGE SITE	0.0026
Hole House Max Refill	STORAGE SITE	0.0215
Hornsea Max Refill	STORAGE SITE	0.0001
Partington Max Refill	STORAGE SITE	0.0227
Stublach (Cheshire)	STORAGE SITE	0.0221
Saltfleetby Storage (Theddlethorpe)	STORAGE SITE	0.0001
Hill Top Farm (Hole House Farm)	STORAGE SITE	0.0215

Appendices

Appendix 4 summarises the changes to the Commodity charges being made in October 2013

Table 3 Summary of Commodity Charges

NTS Charge	April 2013 Final	Oct 13 Indicative	Oct 13 Final	Change April to October
TO Entry Commodity	0.0244	0.0233	0.0249	0.0005
TO Exit Commodity	0.0112	0.0109	0.0117	0.0005
SO Commodity (Entry & Exit)	0.0176	0.0171	0.0251	0.0075
St. Fergus Compression	0.0176	0.0215	0.0205	0.0029