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28 June 2013

Dear Ian,

## **Notice of MSEC and DSEC Reserve Prices for Capacity used from 1 October 2013**

National Grid is publishing this notice of revised system entry capacity reserve prices two months in advance of the Rolling Monthly Trade & Transfer System Entry Capacity (RMTNTSEC) auction of system entry capacity, consistent with our Licence and Uniform Network Code obligations.

The changes to Monthly System Entry Capacity (MSEC) and Daily System Entry Capacity (DSEC) prices are shown in the attachment to this notice, with the new prices shown in bold. We have also updated Table 3 of the NTS Gas Transportation Charges Statement dated 1 April 2013. The full updated Statement can be found on our website at: <http://www.nationalgrid.com/uk/Gas/Charges/statements/>

It should be noted that the system entry capacity (RMTNTSEC and DSEC) purchased during September 2013 for use from 1 October 2013 will be subject to the revised reserve prices given in this notice. The revised prices have been calculated using the Transportation model 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 obligated NTS entry capacity levels.

Those entry points furthest from demand have tended to see a small increase in prices due to the updated expansion constant. Elsewhere, increased demand in Scotland has reduced the average distance travelled between supply and demand in the north and hence the prices have decreased at the northern ASEPs. However, Teesside and Garton entry reserve prices have risen due to changes in flows elsewhere on the system which have had effects on the average entry costs which in turn affects the adjustment factor at these entry points. A more detailed description of the changes will be available on our website<sup>1</sup> and can be discussed at a future NTS Charging Methodology Forum (NTSCMF). A copy of National Grid's Transportation model will be sent out to parties that have signed the licence agreement. Details of how to obtain the model and other supporting charge setting information can also be found on our website in the same area.

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<sup>1</sup> <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>

### **Further updates to capacity and commodity prices**

National Grid is also preparing to publish updates to commodity charges for 2013/14 and capacity prices for future auctions. The notice of actual commodity charges that shall apply from 1 October 2013 will be published by 1 August 2013, in line with the two months notice required by our licence and Network Code obligations. Entry prices for future gas years used in the Annual Monthly System Entry Capacity (AMSEC) and Quarterly System Entry Capacity (QSEC) auctions will be published by 1 August 2013 and in January 2014, respectively.

If you have any questions relating to this notice, or NTS charges in general, please contact myself or Karin Elmhirst on 01962 655540.

Yours sincerely,

**Steve Fisher**

Gas Capacity & Charging Development Manager

**Table 3 Entry Capacity Reserve Prices for Capacity for use from 1 October 2012**

**MSEC Reserve Prices, Pence per kWh per day**

<b>Entry Point</b>	<b>from 1 Oct 12 to 30 Sep 13</b>	<b>from 1 Oct 13 to 30 Sep 14</b>	<b>Change</b>
<b>Coastal Terminals &amp; LNG Importation</b>			
Bacton	0.0081	<b>0.0085</b>	0.0004
Barrow	0.0002	<b>0.0001</b>	-0.0001
Easington&Rough	0.0107	<b>0.0113</b>	0.0006
Isle of Grain	0.0001	<b>0.0005</b>	0.0004
Milford Haven	0.0193	<b>0.0199</b>	0.0006
St Fergus	0.0410	<b>0.0403</b>	-0.0007
Teesside	0.0074	<b>0.0090</b>	0.0016
Theddlethorpe	0.0106	<b>0.0112</b>	0.0006
<b>Onshore Fields and Connections</b>			
Burton Point	0.0001	<b>0.0001</b>	0.0000
Hatfield Moor	0.0032	<b>0.0036</b>	0.0004
Hole House Farm	0.0001	<b>0.0001</b>	0.0000
Wytch Farm	0.0001	<b>0.0001</b>	0.0000
<b>Storage</b>			
Barton Stacey	0.0001	<b>0.0001</b>	0.0000
Canonbie	-	<b>0.0001</b>	-
Caythorpe	0.0118	<b>0.0111</b>	-0.0007
Cheshire	0.0001	<b>0.0001</b>	0.0000
Dynevor Arms	0.0071	<b>0.0086</b>	0.0015
Fleetwood	0.0019	<b>0.0001</b>	-0.0018
Garton	0.0109	<b>0.0124</b>	0.0015
Glenmavis	0.0123	<b>0.0094</b>	-0.0029
Hatfield Moor	0.0032	<b>0.0036</b>	0.0004
Hornsea	0.0110	<b>0.0116</b>	0.0006
Partington	0.0001	<b>0.0001</b>	0.0000
<b>Constrained LNG</b>			
Avonmouth	0.0001	<b>0.0001</b>	0.0000
Moffat <sup>2</sup>	0.0054	<b>0.0032</b>	-0.0022

<sup>2</sup> The Moffat reserve price is for use in overrun calculations only, no firm capacity will be released.

Table 3 continued

**DSEC Reserve Prices, Pence per kWh per day**

Entry Point	DSEC		
	from 1 Oct 12 to 30 Sep 13	from 1 Oct 13 to 30 Sep 14	Change
<b>Coastal Terminals &amp; LNG Importation</b>			
Bacton	0.0054	<b>0.0057</b>	0.0003
Barrow	0.0001	<b>0.0001</b>	0.0000
Easington&Rough	0.0071	<b>0.0075</b>	0.0004
Isle of Grain	0.0001	<b>0.0003</b>	0.0002
Milford Haven	0.0129	<b>0.0133</b>	0.0004
St Fergus	0.0273	<b>0.0269</b>	-0.0004
Teesside	0.0049	<b>0.0060</b>	0.0011
Theddlethorpe	0.0071	<b>0.0075</b>	0.0004
<b>Onshore Fields and Connections</b>			
Burton Point	0.0001	<b>0.0001</b>	0.0000
Hatfield Moor	0.0021	<b>0.0024</b>	0.0003
Hole House Farm	0.0001	<b>0.0001</b>	0.0000
Wyth Farm	0.0001	<b>0.0001</b>	0.0000
<b>Storage</b>			
Barton Stacey	0.0001	<b>0.0001</b>	0.0000
Canonbie	-	<b>0.0001</b>	-
Caythorpe	0.0079	<b>0.0074</b>	-0.0005
Cheshire	0.0001	<b>0.0001</b>	0.0000
Dynevor Arms	0.0047	<b>0.0057</b>	0.0010
Fleetwood	0.0013	<b>0.0001</b>	-0.0012
Garton	0.0073	<b>0.0083</b>	0.0010
Glenmavis	0.0082	<b>0.0063</b>	-0.0019
Hatfield Moor	0.0021	<b>0.0024</b>	0.0003
Hornsea	0.0073	<b>0.0077</b>	0.0004
Partington	0.0001	<b>0.0001</b>	0.0000
<b>Constrained LNG</b>			
Avonmouth	0.0001	<b>0.0001</b>	0.0000
Moffat <sup>3</sup>	0.0037	<b>0.0021</b>	-0.0015

<sup>3</sup> The Moffat reserve price is for use in overrun calculations only, no firm capacity will be released.