

All Shippers & Interested Parties

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Dear Industry Participant

Notice of NTS Annual Yearly (Entry and Exit) Interconnection Point (IP) Reserve Prices

The Annual Yearly Auctions for NTS Entry and Exit Capacity at Interconnection Points will be held in March 2017 for capacity from 1 October 2017 to 30 September 2032.

National Grid is publishing this Notice of change to NTS transportation charges at least one month in advance of the next Annual Yearly Auctions, consistent with our Licence.

Reserve prices for the Annual Yearly Auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies¹ and Section B of the European Interconnection Document (EID) – Capacity².

IP Entry Capacity Reserve Prices

Entry Capacity reserve prices at IPs are set using our Transportation Model which includes:

- The supply and demand forecasts for 2017/18³ taken from the 2016 Gas Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2017/18.
- The latest expansion constant for the investment costs.

The reserve prices for the Entry Capacity Annual Yearly⁴ IP Auction are detailed in Table 1.

IP Exit Capacity Reserve Prices

The reserve prices for the Exit Capacity Annual Yearly IP Auction are the Indicative reserve prices that were published for 2017/18 in May 2016⁵. The Final Exit Capacity reserve prices for the Gas Year 2017/18 (1 October 2017 to 30 September 2018) will be published by 1 May 2017. The current Indicative reserve prices for capacity from 1 October 2017 are detailed in Table 2.

Details of the reserve prices can also be found in Appendix F of the NTS Gas Transportation Charges Statement 1 October 2016⁶.

¹ http://www.gasgovernance.co.uk/sites/default/files/TPD%20Section%20Y%20-%20Charging%20Methodologies_18.pdf

² http://www.gasgovernance.co.uk/sites/default/files/EID%20Section%20B%20-%20Capacity_1.pdf

³ Different years modelled for the reserve prices for the Annual Yearly Auction compared to the QSEC Auction, hence the prices may be different.

⁴ These prices will also be applicable for the Entry Annual Quarterly Auction.

⁵ <http://www.gasgovernance.co.uk/sites/default/files/Exit%20capacity%20notice%201%20may%202016.pdf>

⁶ <http://www.gasgovernance.co.uk/ntschargingstatements>

NTS large price steps for an Annual Yearly IP (Entry and Exit) auction will be the greater of 5% of the applicable reserve price and 0.0001 p/kWh/day.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact Laura Johnson on 01926 656160 or email at box.transmissioncapacityandcharging@nationalgrid.com.

Yours sincerely

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Table 1 Entry Capacity Reserve Price for Interconnection Points for the Annual Yearly Auctions which will take place in March 2017.

EU Interconnector Points (IPs)	from 1 Oct 17 Pence per kWh per day	from 1 Oct 16 Pence per kWh per day	Change Pence per kWh per day
Bacton IP	0.0108	0.0106	0.0002

Table 2 Indicative Exit Capacity Reserve Price⁷ for Interconnection Points for the Annual Yearly Auctions which will take place in March 17.

Offtake Point	Type of Offtake	from 1 Oct 17 Pence per kWh per day (Indicative)	from 1 Oct 16 Pence per kWh per day (final)	Change Pence per kWh per day
Bacton IUK	INTERCONNECTOR	0.0001	0.0010	-0.0009
Bacton BBL	INTERCONNECTOR	0.0001	0.0010	-0.0009
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	0.0001	0.0038	-0.0037

⁷ <http://www.gasgovernance.co.uk/sites/default/files/Exit%20capacity%20notice%201%20may%202016.pdf>