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Dear David,

Notice of MSEC and DSEC Reserve Prices and Rolling Monthly and Rolling Day Ahead Prices for Interconnection Points (IPs) for Capacity used from 1 October 2018

National Grid is publishing this notice of revised System Entry Capacity reserve prices two months in advance of the Rolling Monthly Trade and 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 Tables 4 and 10 to 14 of the NTS Gas Transportation Charges Statement dated 1 April 2018. The full updated Statement can be found on our website at <https://www.nationalgrid.com/uk/gas/charging-and-methodologies/transmission-system-charges>.

Entry Capacity reserve prices relating to **Interconnection Points (IPs) for the Rolling Monthly and Rolling Day Ahead auctions** are also given in this Notice. Please note that we have also published a separate notice with details of the IP reserve prices which includes the Exit Capacity rates.

It should be noted that the System Entry Capacity (RMTNTSEC and DSEC) purchased during September 2018 for use from 1 October 2018 will be subject to the revised Entry Capacity 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 Entry Capacity reserve prices have been calculated using the Obligated NTS Entry Capacity levels.

The total peak demand has increased by about 1.5% compared to the forecasts in 2017/18, although not uniformly across the network. Supplies from the Milford Haven and Isle of Grain LNG entry points have increased as our forecast supplies from the beach terminals has reduced principally due to the closure of Rough storage. This has had varying effects on the Entry Capacity reserve prices though for the majority of the entry terminals there is a reduction in reserve price. Compared to last year, the increase in supplies at Milford Haven and the Isle of Grain has caused exit prices to fall

as the demands in those areas are met by local supplies. Therefore we have seen a reduction average exit costs. In order to balance the average entry and exit costs, the entry adjustment factor has reduced causing most entry prices to decrease.

Those entry points furthest from demand also see an increase in their Entry Capacity reserve price due to the updated Expansion Constant.

A more detailed description of the changes will be available on our website¹. 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.

Further updates to Capacity and Commodity charges

National Grid is also preparing to publish updates to Commodity charges for 2018/19 and Capacity prices for future auctions. The notice of actual Commodity charges that shall apply from 1 October 2018 will be published by 1 August 2018, in line with the two months' notice required by our licence and Uniform Network Code obligations. Entry Capacity reserve 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 2018 and in January 2019, 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,

Chris Logue
Markets Development Manager

¹ <https://www.nationalgrid.com/uk/gas/charging-and-methodologies/transmission-system-charges>

Entry Capacity Reserve Prices for Capacity for use from 1 October 2018

MSEC Reserve Prices, Pence per kWh per day

Entry Point	from 1 Oct 17 to 30 Sep 18	from 1 Oct 18 to 30 Sep 19	Change
Coastal Terminals & LNG Importation			
Bacton	0.0109	0.0088	-0.0021
Barrow	0.0014	0.0001	-0.0013
Easington&Rough	0.0140	0.0158	0.0018
Isle of Grain	0.0094	0.0081	-0.0013
Milford Haven	0.0228	0.0225	-0.0003
St Fergus	0.0488	0.0490	0.0002
Teesside	0.0110	0.0084	-0.0026
Theddlethorpe	0.0142	0.0156	0.0014
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0000
Hole House Farm	0.0001	0.0001	0.0000
Hatfield Moor	0.0053	0.0030	-0.0023
Wytch Farm	0.0001	0.0001	0.0000
Storage			
Barton Stacey	0.0001	0.0001	0.0000
Canonbie	0.0041	0.0017	-0.0024
Caythorpe	0.0135	0.0116	-0.0019
Cheshire	0.0001	0.0001	0.0000
Dynevor Arms	0.0001	0.0098	0.0097
Fleetwood	0.0010	0.0001	-0.0009
Garton	0.0159	0.0140	-0.0019
Glenmavis	0.0148	0.0118	-0.0030
Hatfield Moor	0.0053	0.0030	-0.0023
Hornsea	0.0126	0.0124	-0.0002
Partington	0.0001	0.0001	0.0000
Avonmouth	0.0001	0.0001	0.0000

Entry Capacity Reserve Prices, Interconnection Points (IPs) for the Rolling Monthly auctions, Pence per kWh per day

EU Interconnector Points (IPs)	from 1 Oct 17 to 30 Sep 18	from 1 Oct 18 to 30 Sep 19	Change
Bacton IP	0.0109	0.0088	-0.0021
Moffat (Irish Interconnector)	0.0077	0.0055	-0.0022

For the Ascending Clock Auctions, the NTS Large Price Steps shall be the greater of 5% of the reserve price or 0.0001p/KWh/day. A Small Price Step will be one fifth of the Large Price Step.

DSEC Reserve Prices, Pence per kWh per day

Entry Point	DSEC		
	from 1 Oct 17 to 30 Sep 18	from 1 Oct 18 to 30 Sep 19	Change
Coastal Terminals & LNG Importation			
Bacton	0.0073	0.0059	-0.0014
Barrow	0.0009	0.0001	-0.0008
Easington&Rough	0.0093	0.0105	0.0012
Isle of Grain	0.0063	0.0054	-0.0009
Milford Haven	0.0152	0.0150	-0.0002
St Fergus	0.0325	0.0327	0.0002
Teesside	0.0073	0.0056	-0.0017
Theddlethorpe	0.0095	0.0104	0.0009
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0000
Hole House Farm	0.0001	0.0001	0.0000
Hatfield Moor	0.0035	0.0020	-0.0015
Wytch Farm	0.0001	0.0001	0.0000
Storage			
Barton Stacey	0.0001	0.0001	0.0000
Canonbie	0.0027	0.0011	-0.0016
Caythorpe	0.0090	0.0077	-0.0013
Cheshire	0.0001	0.0001	0.0000
Dynevor Arms	0.0001	0.0065	0.0064
Fleetwood	0.0007	0.0001	-0.0006
Garton	0.0106	0.0093	-0.0013
Glenmavis	0.0099	0.0079	-0.0020
Hatfield Moor	0.0035	0.0020	-0.0015
Hole House Farm	0.0001	0.0001	0.0000
Hornsea	0.0084	0.0083	-0.0001
Partington	0.0001	0.0001	0.0000
Avonmouth	0.0001	0.0001	0.0000

Entry Capacity Reserve Prices, Interconnection Points (IPs) for the Rolling Day
Ahead auctions, Pence per kWh per day

EU Interconnector Points (IPs)	from 1 Oct 17 to 30 Sep 18	from 1 Oct 18 to 30 Sep 19	Change
Bacton IP	0.0073	0.0059	-0.0014
Moffat (Irish Interconnector)	0.0051	0.0037	-0.0014