

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

Steve Fisher
Commercial Operations Manager

steve.r.fisher@nationalgrid.com
Mobile tel +44(0)7769 281040

www.nationalgrid.com

30 April 2019

Dear David,

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

The Annual Quarterly Auctions for Entry and Exit Capacity for Interconnection Points (IPs) will be first held in August 2019 for capacity from 1 October 2019 to 30 September 2020.

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

Reserve prices for the Annual Quarterly Auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies¹, Section B of the European Interconnection Document (EID) – Capacity² and the Entry Capacity Release (ECR) Methodology Statement³.

Entry reserve prices at IPs and final exit reserve prices at IPs are set using a Transportation Model which includes:

- The supply and demand forecast for 2019/20⁴ taken from the 2018 Gas Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2019/20.
- The latest expansion constant for the investment costs.

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

The final Exit prices for capacity from 1 October 2019 are detailed in Table 2⁵.

¹ <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2019-01/24%20TPD%20Section%20Y%20-%20Charging%20Methodologies.pdf>

² <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2018-01/EID%20Section%20B%20-%20Capacity.pdf>

³ <https://www.nationalgridgas.com/capacity/capacity-methodology-statements>

⁴ Different years are modelled for the reserve prices for the Annual Quarterly Auction compared to the QSEC Auction, hence the prices may be different.

⁵ These prices are applicable for Exit Annual Yearly IP Capacity Auctions, Exit Annual Quarterly IP Capacity Auctions, Exit Rolling Monthly IP Capacity Auctions, Exit Rolling Day Ahead IP Capacity Auctions and Within Day IP Capacity Auctions for Capacity from 1 October 2019.

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

There are currently several UNC Charging modifications running which may affect the Transportation Charging methodology. Modification 0678 'Amendments to Gas Transmission Charging Regime' (including ten alternates) and Modification 0686 - 'Removal of the NTS Optional Commodity Rate with adequate notice'. There is the potential for the payable prices associated with capacity allocated and commodity charges to be impacted by such modifications.

Market participants should keep up to date and engage with how the Tariff Network Code will be reflected in the UNC via the Joint Office (<http://www.gasgovernance.co.uk/livemods>).

Please note that the charges included in this notice are currently calculated solely on the current methodology, in line with the UNC, and will continue to be so until more certainty is available on the potential changes.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact Dave Bayliss on 01926 656853 or Karin Elmhirst on 01926 655540 or email at box.transmissioncapacityandcharging@nationalgrid.com.

Yours sincerely

Steve Fisher
Commercial Operations Manager

Table 1 – **Entry** Reserve Price for Interconnection Points for Annual Quarterly Auctions

EU Interconnector Points (IPs)	from 1 Oct 2019 to 30 Sep 2020 Pence per kWh per day
Bacton IP	0.0095

Table 2 – **Exit** Reserve Price for Interconnection Points for Annual Quarterly Auctions

Offtake Point	Type of Offtake	from 1 Oct 2019 to 30 Sep 2020 Pence per kWh per day
Bacton IUK	Interconnector	0.0001
Bacton BBL	Interconnector	0.0001
Moffat (Irish Interconnector)	Interconnector – Firm, Exit only	0.0017