

All Shippers & Interested Parties

16 January 2020

Dear Industry Participant

### **Indicative 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 July 2020 for capacity from 1 October 2020 to 30 September 2035.

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

These indicative reserve prices for the Annual Yearly and Annual Quarterly auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies, Section B of the European Interconnection Document (EID) – Capacity and the Entry Capacity Release (ECR) Methodology Statement.

### **IP Entry Capacity Reserve Prices**

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

- Supply and demand patterns determined from the latest data in the 2019 Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2020/21.
- The latest expansion constant for the investment costs.

The indicative reserve prices for the Entry Capacity Annual Yearly IP Auction are detailed in Table 1 below. (These prices will also be applicable for the Entry Annual Quarterly Auction.)

### **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 2020/21 in April 2019.<sup>1</sup> The Final Exit Capacity reserve prices, subject to any further UNC changes as mentioned later in this notice, for the Gas Year 2020/21 (1 October 2020 to 30 September 2021) will be published by 1 May 2020. The current Indicative reserve prices for capacity from 1 October 2020 are detailed in Table 2 below.

Details of the IP reserve prices can also be found in Appendix F of the NTS Gas Transportation Charges Statement 1 October 2019.

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<sup>1</sup> <https://www.nationalgridgas.com/charging/transmission-system-charges>

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.

There are UNC Charging modifications which may affect the Transportation Charging methodology for the Gas Year starting 1 October 2020. Of note is Modification 0678 'Amendments to Gas Transmission Charging Regime' (including ten alternates) for which Ofgem published a minded to position and impact assessment on 23 December 2019 (<https://www.ofgem.gov.uk/publications-and-updates/amendments-gas-transmission-charging-regime-minded-decision-and-draft-impact-assessment>). This included a preference for October 2020 as the proposed effective date. As a decision is expected in the near future, this means there is the potential for the payable prices associated with capacity allocated and commodity charges to be impacted by such modifications.

Additional modifications may also impact the payable prices and aspects of the charging regime for the Gas Year starting 1 October 2020. Market participants should keep up to date and engage with live UNC changes and be aware of those with Ofgem for decision via the Joint Office (<http://www.gasgovernance.co.uk/livemods> and <http://gasgovernance.co.uk/index.php/witofgem>).

Please note that the charges included in this indicative 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 01926 656853 [dave.bayliss@nationalgrid.com](mailto:dave.bayliss@nationalgrid.com) or email our charging team at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

Yours sincerely

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**Table 1 Indicative Entry Capacity Reserve Price** for Interconnection Points for the Annual Yearly Auctions which will take place in July 2020.

EU Interconnector Points (IPs)	from 1 Oct 20 Pence per kWh per day (Indicative)	from 1 Oct 19 Pence per kWh per day (final)	Change Pence per kWh per day
Bacton IP	<b>0.0094</b>	0.0095	-0.0001

**Table 2 Indicative Exit Capacity Reserve Price<sup>2</sup>** for Interconnection Points for the Annual Yearly Auctions which will take place in July 2020.

Offtake Point	Type of Offtake	from 1 Oct 20 Pence per kWh per day (Indicative)	from 1 Oct 19 Pence per kWh per day (final)	Change Pence per kWh per day
Bacton IUK	INTERCONNECTOR	<b>0.0001</b>	0.0001	0.0000
Bacton BBL	INTERCONNECTOR	<b>0.0001</b>	0.0001	0.0000
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	<b>0.0020</b>	0.0017	0.0003

<sup>2</sup> Published in April 2019,  
<https://www.nationalgridgas.com/charging/transmission-system-charges>