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26th June 2013

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NTS Shrinkage Incentive Methodology Statement

Dear customer,

The NTS Shrinkage Incentive Methodology sets out the methodology that National Grid in its role as holder of the Gas Transporter Licence in respect of the NTS (“the Licence”) employs to calculate specific components within the shrinkage incentive scheme.

Under the Licence, National Grid is required to publish the NTS Shrinkage Incentive Methodology Statement to apply ahead of each Formula Year.

The Methodology Statement has now been updated for Formula Year 2014/15.

No material changes requiring consultation to modify the Methodology Statement are identified.

Note that the enduring approach agreed for the Methodology Statement for Formula Year 2014/15 onwards requires calculated parameters for the Formula Year to be separately published in an Ex-Ante Baseline Values Statement.

Consistent with this, the (transitional) Appendix C “Parameters for 2013/14” has been removed.

Yours sincerely,

Mr Mike McCluskey
Market Operation