

Indicative Notice of Gas Transmission Transportation Charges

Effective from 1 October 2014



Introduction

This notice is issued in line with National Grid's Gas Transporters Licence in respect of the NTS ("the Licence"). The Licence requires National Grid to provide at least 150 days notice of changes to its gas transportation charges (the 'indicative' notice). This notice is issued with respect to changes that will apply from 1 October 2014. Notice of the actual charges will be published by 1 August 2014, to provide the two months notice required by the Licence and Network Code.

This notice is split into four parts:

- **TO Charges**
 - TO Entry and Exit Commodity
- **SO Charges**
 - SO Entry and Exit Commodity
 - St Fergus Compression
- **Tools and Supporting Information**
- **Appendices**

Basis of preparing indicative charges

National Grid sets its charges to recover the allowed revenues in accordance with the price controlled allowances set by Ofgem. The current price control RIIO-T1 applies from 1 April 2013.

Since setting the charges in April 2014, there have been small movements in our forecasts of allowed revenue. A summary of the allowed revenues is given in Appendix I.

National Grid expects to complete its assessment of the allowed revenue for 2013/14 as part of the annual regulatory reporting process that completes in July 2014. At this point the TO and SO revenue corrections for 2013/14 will be known and whether or not an under or over-recovery has occurred. Under the RIIO-T1 Price Control the corrections will be carried forward into charges to be calculated for 2015/16.

Charging Base

The charging bases remain based on the Gone Green scenario from May 13 Supply and Demand Statements. Our assumptions around industrial and power generation demands are largely unchanged from our view at April 2014.

Adjustments have been made to take into account an increase in entry and exit flows that attract the Optional Commodity (shorthaul) charges, which decreases the volumes that attract the NTS TO and SO commodity rates.

For a set target revenue recovery charges are raised with a lower charging base. The assumptions around volumes will be revisited before confirming final charges at the end of July 2014.

TO Charges

TO Allowed Revenues

The TO allowed revenue (which is shared 50:50 between entry and exit activities) remains at the same level used to calculate TO charges for the April 2014 charge setting (£702m).

NTS TO Entry Commodity Charge

The NTS TO Entry Commodity charge levied on entry flows is estimated to increase to **0.0311** p/kWh from its current rate of 0.0297 p/kWh and the average rate of 0.0247 p/kWh for 2013/14, representing an increase of 5% and 24% respectively. We are seeking to recover around £211m from the TO Entry Commodity charge. The forecast reduction in entry volumes (-2.7%) has caused this charge to increase.

There are a number of uncertainties that are inherent within the calculation of this charge: the income from entry capacity auctions held during the year and entry volumes. Taking these factors into account, we estimate the range on the indicative charges is +/- 10%.

NTS TO Exit Capacity Charges

NTS TO Exit Capacity charges, effective from 1 October 2014, have been published in a **separate notice** on 1 May 2014¹ and are also available in Appendix II.

NTS TO Exit Commodity Charge

The TO Exit Commodity charge is a residual charge to enable National Grid to collect the correct TO Exit income from exit shippers when exit capacity has not been booked up to the baseline.

Taking into account the updated Exit Capacity charges and expected capacity bookings, the indicative TO Exit Commodity rate is **0.0160** p/kWh, an increase on the current rate of 0.0157 p/kWh.

There are a number of uncertainties that are inherent within the calculation of this charge: the exit capacity bookings, including any exit capacity reduction applications, and the charging base.

A summary of TO Commodity charges can be found in Appendix III.

¹ Please note that the October 2014 charges (along with 2015/16 to 2017/18 indicative charges) were also published on 1 May 2014 for the user commitment in the 2014 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/> 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2014 and Indicative NTS Exit (Flat) Capacity Charges for the 2014 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

SO Charges

SO Allowed Revenues

The SO allowed revenue is expected to increase by £2.3m to £359m, compared to when charges were set for April 2014.

NTS SO Commodity Charges

The indicative level of the NTS SO Commodity charge, as applied to both entry and exit flows, is **0.0220** p/kWh compared to the current rate of 0.0215 p/kWh and an average rate for 2013/14 of 0.0205 p/kWh. Revenue from other sources has increased by £7.9m therefore the amount to collect through SO Commodity charges has decreased by £5.6m. The forecast reduction in the charging base has caused this charge to increase.

Forecast volumes and external costs such as shrinkage, in particular unforeseen changes in gas costs and/or UAG volumes, are the key variables in calculating this charge. We believe that the variation in our estimate of the SO commodity charge is in the region of +/-10%.

Other Charges

The **Compression Charge** levied at the Total Oil Marine sub-terminal at St. Fergus is expected to decrease from its current level of 0.0174 p/kWh to **0.0163** p/kWh, a 6% decrease due to a small fall in forecast costs and a small increase in the revised forecast of the expected flows through the Total Oil Marine (TOM) sub-terminal. We estimate the range on this charge to be +/- 15%.

A summary of the SO charges can be found in Appendix III.

Supporting Information

Supporting Information

Guidance and detailed supporting charge setting information will be made available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>. This includes:

- detailed information about the components of the TO and SO allowed revenues;
- how they have changed since April's charges were set; and
- how this information in conjunction with the charging base is used to calculate charges.

National Grid will be making the Transportation Model available to parties that have signed the licence agreement for the model. Details of how to obtain the model can also be found at the link above. There will be an opportunity to discuss these changes at a subsequent NTS Charging Methodology Forum (NTSCMF), details of which can be found at <http://www.nationalgrid.com/uk/Gas/Charges/TCMF/>.

Getting in touch

If you have any questions or feedback about this document, or NTS charges in general, please contact Karin Elmhirst (01926 655540) or Colin Williams (01926 655916) or email the charging team at box.transmissioncapacityandcharging@nationalgrid.com.

For an overview of our commitment to customers, please see:

<http://www.nationalgrid.com/uk/EnergyandServices/TransmissionCustomerCommitment/>

Appendices

Appendix I

Table 1 Forecast Allowed Revenues for Financial year 2014/15

	2014/15 at April 2014 (Final)	2014/15 at October 2014 (Indicative)	Change
TO Maximum Allowed Revenue	£702m	£702m	-
SO Maximum Allowed Revenue	£357m	£359m	£2m
Revenues to be collected from:			
NTS TO Entry Commodity	£210m	£211m	£1m
NTS TO Exit Commodity	£110m	£108m	-£2m
NTS SO Commodity	£304m	£298m	-£6m

Appendices

Appendix II

Table 2 shows Exit Capacity charges effective from 1 October 2014.²

Table 2 Exit Capacity Charges

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Bacton	GDN (EA)	0.0003
Brisley	GDN (EA)	0.0034
Cambridge	GDN (EA)	0.0102
Great Wilbraham	GDN (EA)	0.0092
Matching Green	GDN (EA)	0.0137
Peterborough Eye (Tee)	GDN (EA)	0.0092
Roudham Heath	GDN (EA)	0.0052
Royston	GDN (EA)	0.0112
Whitwell	GDN (EA)	0.0133
West Winch	GDN (EA)	0.0060
Yelverton	GDN (EA)	0.0028
Alrewas (EM)	GDN (EM)	0.0185
Blaby	GDN (EM)	0.0147
Blyborough	GDN (EM)	0.0059
Caldecott	GDN (EM)	0.0121
Thornton Curtis (DN)	GDN (EM)	0.0004
Drointon	GDN (EM)	0.0197
Gosberton	GDN (EM)	0.0071
Kirkstead	GDN (EM)	0.0048
Market Harborough	GDN (EM)	0.0134
Silk Willoughby	GDN (EM)	0.0062
Sutton Bridge	GDN (EM)	0.0079
Tur Langton	GDN (EM)	0.0135
Walesby	GDN (EM)	0.0022
Asselby	GDN (NE)	0.0039
Baldersby	GDN (NE)	0.0055
Burley Bank	GDN (NE)	0.0077
Ganstead	GDN (NE)	0.0001
Pannal	GDN (NE)	0.0082

² . Please note that the October 2014 charges (along with 2015/16 to 2017/18 indicative charges) were also published on 1 May 2014 for the user commitment in the 2014 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/> 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2014 and Indicative NTS Exit (Flat) Capacity Charges for the 2014 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

Appendices

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Paul	GDN (NE)	0.0001
Pickering	GDN (NE)	0.0052
Rawcliffe	GDN (NE)	0.0041
Towton	GDN (NE)	0.0063
Bishop Auckland	GDN (NO)	0.0034
Coldstream	GDN (NO)	0.0014
Corbridge	GDN (NO)	0.0065
Cowpen Bewley	GDN (NO)	0.0013
Elton	GDN (NO)	0.0025
Guyzance	GDN (NO)	0.0038
Humbleton	GDN (NO)	0.0009
Keld	GDN (NO)	0.0138
Little Burdon	GDN (NO)	0.0030
Melkinthorpe	GDN (NO)	0.0129
Saltwick Pressure Controlled	GDN (NO)	0.0051
Saltwick Volumetric Controlled	GDN (NO)	0.0051
Thrintoft	GDN (NO)	0.0048
Towlaw	GDN (NO)	0.0055
Wetheral	GDN (NO)	0.0102
Horndon	GDN (NT)	0.0142
Luxborough Lane	GDN (NT)	0.0144
Peters Green	GDN (NT)	0.0138
Peters Green South Mimms	GDN (NT)	0.0138
Winkfield (NT)	GDN (NT)	0.0232
Audley (NW)	GDN (NW)	0.0236
Blackrod	GDN (NW)	0.0204
Ecclestone	GDN (NW)	0.0271
Holmes Chapel	GDN (NW)	0.0249
Lupton	GDN (NW)	0.0166
Malpas	GDN (NW)	0.0257
Mickle Trafford	GDN (NW)	0.0270
Partington	GDN (NW)	0.0260
Samlesbury	GDN (NW)	0.0189
Warburton	GDN (NW)	0.0257
Weston Point	GDN (NW)	0.0280
Aberdeen	GDN (SC)	0.0001
Armadale	GDN (SC)	0.0001
Balgray	GDN (SC)	0.0001
Bathgate	GDN (SC)	0.0001
Burnervie	GDN (SC)	0.0001
Broxburn	GDN (SC)	0.0005
Careston	GDN (SC)	0.0001

Appendices

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Drum	GDN (SC)	0.0001
St Fergus	GDN (SC)	0.0001
Glenmavis	GDN (SC)	0.0002
Hume	GDN (SC)	0.0025
Kinknockie	GDN (SC)	0.0001
Langholm	GDN (SC)	0.0076
Lauderhill	GDN (SC)	0.0037
Lockerbie	GDN (SC)	0.0066
Netherhowcleugh	GDN (SC)	0.0046
Pitcairngreen	GDN (SC)	0.0001
Soutra	GDN (SC)	0.0043
Stranraer	GDN (SC)	0.0054
Farningham	GDN (SE)	0.0143
Farningham B	GDN (SE)	0.0143
Shorne	GDN (SE)	0.0132
Tatsfield	GDN (SE)	0.0162
Winkfield (SE)	GDN (SE)	0.0232
Braishfield A	GDN (SO)	0.0271
Braishfield B	GDN (SO)	0.0271
Crawley Down	GDN (SO)	0.0257
Hardwick	GDN (SO)	0.0175
Ipsden	GDN (SO)	0.0210
Ipsden 2	GDN (SO)	0.0210
Mappowder	GDN (SO)	0.0242
Winkfield (SO)	GDN (SO)	0.0232
Aylesbeare	GDN (SW)	0.0265
Cirencester	GDN (SW)	0.0150
Coffinswell	GDN (SW)	0.0294
Easton Grey	GDN (SW)	0.0155
Evesham	GDN (SW)	0.0117
Fiddington	GDN (SW)	0.0104
Ilchester	GDN (SW)	0.0219
Kenn	GDN (SW)	0.0277
Littleton Drew	GDN (SW)	0.0164
Lyneham (Choakford)	GDN (SW)	0.0324
Pucklechurch	GDN (SW)	0.0173
Ross (SW)	GDN (SW)	0.0073
Seabank (DN)	GDN (SW)	0.0194
Alrewas (WM)	GDN (WM)	0.0185
Aspley	GDN (WM)	0.0218
Audley (WM)	GDN (WM)	0.0236
Austrey	GDN (WM)	0.0178

Appendices

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Leamington	GDN (WM)	0.0146
Lower Quinton	GDN (WM)	0.0129
Milwich	GDN (WM)	0.0204
Ross (WM)	GDN (WM)	0.0073
Rugby	GDN (WM)	0.0157
Shustoke	GDN (WM)	0.0191
Stratford-upon-Avon	GDN (WM)	0.0131
Maelor	GDN (WN)	0.0265
Dowlais	GDN (WS)	0.0028
Dyffryn Clydach	GDN (WS)	0.0002
Gilwern	GDN (WS)	0.0040
Ferny Knoll (AM Paper)	DC	0.0230
Tonna (Baglan Bay)	DC	0.0002
Barking (Horndon)	DC	0.0142
Barrow (Black Start)	DC	0.0127
Billingham ICI (Terra Billingham)	DC	0.0015
Bishop Auckland (test facility)	DC	0.0034
Blackness (BP Grangemouth)	DC	0.0001
Saltend BPHP (BP Saltend HP)	DC	0.0001
Shotwick (Bridgewater Paper)	DC	0.0279
Blyborough (Brigg)	DC	0.0069
Epping Green (Enfield Energy, aka Brimsdown)	DC	0.0147
Brine Field (Teesside) Power Station	DC	0.0008
Pickmere (Winnington Power, aka Brunner Mond)	DC	0.0260
Carrington (Partington) Power Station	DC	0.0260
Centrax Industrial	DC	0.0292
Cockenzie Power Station	DC	0.0001
Burton Point (Connahs Quay)	DC	0.0283
Caldecott (Corby Power Station)	DC	0.0125
Stanford Le Hope (Coryton)	DC	0.0139
Coryton 2 (Thames Haven) Power Station	DC	0.0139
Blyborough (Cottam)	DC	0.0059
Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	DC	0.0117
Deeside	DC	0.0283
Didcot PS	DC	0.0213
Drakelow Power Station	DC	0.0180
Enron Billingham	DC	0.0015
Goole (Guardian Glass)	DC	0.0045
Grain Power Station	DC	0.0117
Bacton (Great Yarmouth)	DC	0.0003
Hatfield Power Station	DC	0.0042

Appendices

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Hollingsgreen (Hays Chemicals)	DC	0.0248
Weston Point (Castner Kelner, aka ICI Runcorn)	DC	0.0280
Thornton Curtis (Humber Refinery, aka Immingham)	DC	0.0004
Eastoft (Keadby Blackstart)	DC	0.0058
Eastoft (Keadby)	DC	0.0058
Shellstar (aka Kemira, not Kemira CHP)	DC	0.0276
Saddle Bow (Kings Lynn)	DC	0.0059
Langage Power Station	DC	0.0324
St. Neots (Little Barford)	DC	0.0134
Gowkham (Longannet)	DC	0.0001
Marchwood Power Station	DC	0.0274
Medway (aka Isle of Grain Power Station, NOT Grain Power)	DC	0.0118
Upper Neeston (Milford Haven Refinery)	DC	0.0001
Blackbridge (Pembroke PS)	DC	0.0001
Peterborough (Peterborough Power Station)	DC	0.0096
St. Fergus (Peterhead)	DC	0.0001
Phillips Petroleum, Teeside	DC	0.0008
Weston Point (Rocksavage)	DC	0.0280
Rollswood (Kintore)	DC	0.0001
Roosecote (Roosecote Power Station)	DC	0.0127
Ryehouse	DC	0.0152
Rosehill (Saltend Power Station)	DC	0.0001
Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	DC	0.0193
Seabank (Seabank Power Station phase II)	DC	0.0193
Abson (Seabank Power Station phase I)	DC	0.0173
Sellafield Power Station	DC	0.0171
Terra Nitrogen (aka ICI, Terra Severnside)	DC	0.0192
Harwarden (Shotton, aka Shotton Paper)	DC	0.0282
Wragg Marsh (Spalding)	DC	0.0074
Spalding 2 (South Holland) Power Station	DC	0.0074
St. Fergus (Shell Blackstart)	DC	0.0001
Stallingborough (phase 1 and 2)	DC	0.0013
Staythorpe PH1 and PH2	DC	0.0091
Sutton Bridge Power Station	DC	0.0078
Teesside (BASF, aka BASF Teesside)	DC	0.0008
Teesside Hydrogen	DC	0.0008
Thornton Curtis (Killingholme)	DC	0.0004
Tilbury Power Station	DC	0.0135
West Burton PS	DC	0.0060

Appendices

	Type of Offtake	2014/15 at Oct-14 (p/kWh/d)
Willington Power Station	DC	0.0196
Wyre Power Station	DC	0.0206
Zeneca (ICI Avecia, aka 'Zenica')	DC	0.0015
Bacton IUK	INTERCONNECTOR	0.0003
Bacton BBL	INTERCONNECTOR	0.0003
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	0.0054
Avonmouth Max Refill	STORAGE SITE	0.0192
Bacton (Baird)	STORAGE SITE	0.0003
Deborah Storage (Bacton)	STORAGE SITE	0.0003
Barrow (Bains)	STORAGE SITE	0.0127
Barrow (Gateway)	STORAGE SITE	0.0127
Barton Stacey Max Refill (Humbly Grove)	STORAGE SITE	0.0254
Caythorpe	STORAGE SITE	0.0022
Cheshire (Holford)	STORAGE SITE	0.0253
Dynevor Max Refill	STORAGE SITE	0.0022
Rough Max Refill	STORAGE SITE	0.0001
Garton Max Refill (Aldbrough)	STORAGE SITE	0.0001
Glenmavis Max Refill	STORAGE SITE	0.0002
Hatfield Moor Max Refill	STORAGE SITE	0.0050
Hole House Max Refill	STORAGE SITE	0.0247
Hornsea Max Refill	STORAGE SITE	0.0009
Partington Max Refill	STORAGE SITE	0.0260
Stublach (Cheshire)	STORAGE SITE	0.0253
Saltfleetby Storage (Theddlethorpe)	STORAGE SITE	0.0009
Hill Top Farm (Hole House Farm)	STORAGE SITE	0.0247

Appendices

Appendix III

Table 3 summarises the indicative changes to the commodity charges being made in October 2014.

Table 3 Summary of Commodity Charges

NTS Charge	April 2014	Oct 14 Indicative	Change
TO Entry Commodity	0.0297	0.0311	0.0014
TO Exit Commodity	0.0157	0.0160	0.0003
SO Commodity (Entry & Exit)	0.0215	0.0220	0.0005
St. Fergus Compression	0.0174	0.0163	-0.0011