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Dear Stuart

Notice of Revised Gas Transmission Transportation Charges from 1st February 2009

In order to bring revenue recovery from transportation charges in line with the SO price control formulae for the NTS, National Grid is publishing this notice of revised transmission charges two months in advance of the changes, consistent with our Licence and Uniform Network Code obligations.

From 1st February 2009 changes are applied to **NTS SO Commodity** and **St. Fergus Compression** charges as follows;

The **NTS SO Commodity charge** as applied to both entry and exit flows, will be levied at a rate of 0.0088 p/kWh, a decrease of 53% from its present level, which was applied from 1st October 2008. The average rate over the financial year 2008/09 is 0.0147 p/kWh. This reduction is now required to prevent over-recovery in 2008/09. We are forecasting a reduction in shrinkage costs of around £30m from the October 2008 level, which is larger than anticipated at the time of the indicative notice. Furthermore, there has been an increase in SO income due to higher than expected volumes being charged at the standard, rather than the lower Optional Commodity rate.

The **St. Fergus Compression charge** levied at the Total Oil Marine (TOM) sub-terminal at St. Fergus will decrease to 0.0126 p/kWh, a reduction of 32% on the current level. This compares to an average rate of 0.0144 p/kWh during 2008/09.

Please note that these price reductions will be for February and March 2009. The charges will be updated again in April 2009. The changes in the indicative notice for April 2009 (published on 1st November 2008) are based on the February 2009 charges being set to achieve a forecast over-recovery of zero for 2008/09.

For the avoidance of doubt, all other charges will remain the same until 1st April 2009.

If you have any questions about this Notice, or NTS charges in general, please contact myself or the Charging and Revenue Team on 01926-654633.

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