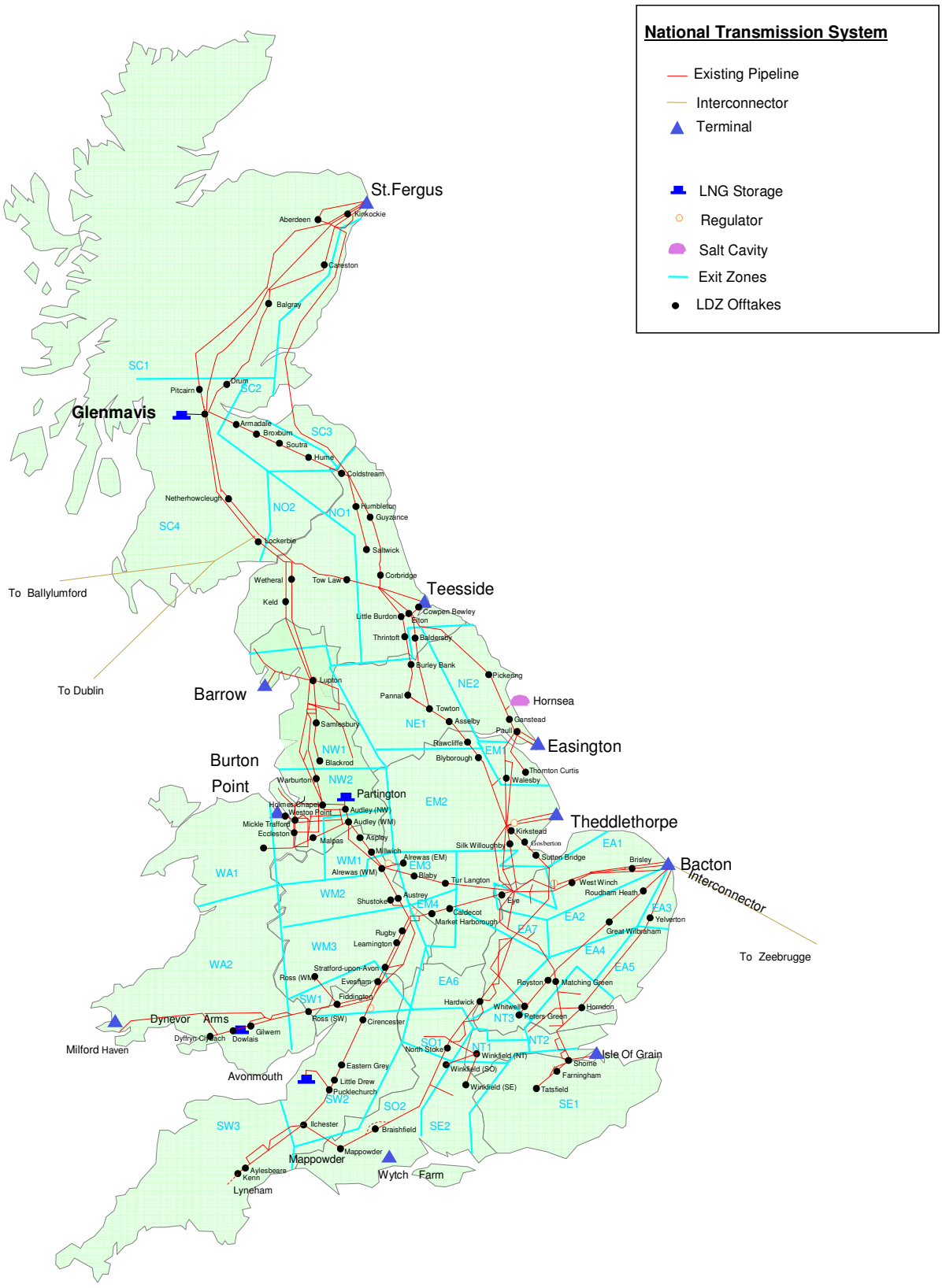
nationalgrid

The Statement of Gas Transmission Transportation Charges

Effective from 1 Oct 2010

National Grid's Gas Transmission System



Contents

Page No

1 Introduction

This publication sets out the transportation charges which apply from 1 October 2010 for the use of the NTS, as required by Standard Special Condition A4 of the National Grid NTS Gas Transporter Licence. This document does not override or vary any of the statutory, licence or Uniform Network Code obligations upon National Grid NTS. Further information on the methods and principles on which Transmission transportation charges are derived is set out in **The Statement of the Gas Transmission Transportation Charging Methodology**.

Details of National Grid and its activities can be found on the National Grid Internet site at **www.nationalgrid.com**. An electronic version of this publication, along with **The Statement of the Gas Transmission Transportation Charging Methodology** can be found on our web site.

For more information on the charges set out below, please contact our UK Transmission Charging team on **01926 654633** or e-mail to **charging.enquiries@uk.ngrid.com.**

1.1 Changes to Charges – Indicative and Final Notices

NTS Transportation Charges are normally updated on 1 April and 1 October of each year in line with our Licence obligations. When considering changes to charges, National Grid will give an estimate of such changes in an "Indicative Notice" published 150 days prior to implementation and a "Final Notice" published two months prior to implementation. The notices will be available on our website at the following locations, respectively; http://www.nationalgrid.com/uk/Gas/Charges/indicativecharges/ and http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/

1.2 Uniform Network Code

The Uniform Network Code (UNC) forms the contractual framework between NTS and DN Gas Transporters, and the shippers whose gas is transported. It is supported by an integrated set of computer systems called UK Link. The charges and formulae in this booklet will be used in the calculation of charges within UK Link, which are definitive for billing purposes.

There are a number of areas of the UNC that impact upon the cost to shippers of using the transportation network, such as imbalance charges, scheduling charges, capacity overruns, top-up neutrality charges and contractual liability. Reference should be made to the UNC – as modified from time to time – for details of such charges and liabilities.

1.3 Units

Charges are expressed and billed as follows:

- Commodity - pence per kilowatt hour (kWh).
- Exit Capacity - pence per peak day kWh per day.
- Entry Capacity - pence per kWh per day.
- Fixed - pence per day.

1.4 Invoicing

Invoices derived from the transportation charges shown within this publication are produced and issued by xoserve. xoserve is the invoicing service provider to the NTS and the Distribution Networks (DNs). To clarify this link between pricing and invoicing, charge codes and invoice names are included in the tables.

For more information on invoicing, please contact the xoserve invoicing team via email at **xo_css_billing@xoserve.com**.

1.5 The National Grid NTS Transportation Price Control Formulae

Transportation charges are derived in relation to price control formulae which are set by Ofgem, the gas and electricity market regulator, for the transportation of gas. These formulae dictate the maximum revenue National Grid NTS can earn from the transportation of gas. Should National Grid NTS earn more or less than the maximum permitted revenue in any formula year, a compensating adjustment is made in

the following year. Where a significant over- or under-recovery is anticipated within a year an adjustment to charges may be made during the year.

Since April 2002 the price control for the NTS has been divided into Transportation Owner (TO) and System Operator (SO) controls. Transportation charges are split to reflect these price control arrangements.

For NTS TO revenue, the target is to recover 50% from exit capacity and 50% from entry capacity. Exit capacity charges reflect the estimated long run marginal cost (LRMC) of developing the system to meet a sustained increase in demand and are determined by the exit zone to which a particular offtake point belongs. Charges for entry capacity are not fixed but are determined by auctions which apply to all system entry points. For system entry capacity, the reserve prices for the auctions are based GCM01 Methodology for Determination of NTS Entry and Exit Capacity Prices, which uses a new Transportation Model. For further details of GCM01 please see our web site at www.nationalgrid.com/uk/gas/ under Charging, Pricing Consultations.

The unpredictability of entry auction revenue means that the TO revenue 50 / 50 split between entry and exit may not be achieved in practice. In the event of a forecast under-recovery of entry auction revenue against the entry target level, a TO commodity charge may be levied on entry flows.

SO revenue is recovered through the NTS SO commodity charge. This is a uniform charge, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. A distance-related commodity tariff, the optional NTS commodity charge, is also available as an alternative to both the SO and TO commodity charges.

1.6 DN Pensions Deficit

The DN Pensions Deficit Charge is a new charge levied on the Distribution Network Operators. It is designed to collect specific annual cost allowances for the part-funding of the deficit in the National Grid UK Pension Scheme. This deficit relates to the pension costs of former employees of the DNs. The allowance has been included in the NTS' TO Price Control Formulae for the period April 2007 to March 2012. It is recovered via the application of a DN Pensions Deficit Charge which is levied on each of the DNs on a monthly basis in accordance with National Grid's GT Licence and the DN Gas Transporters Licence. The charges can be found in Section 7.

1.7 Firm Transportation

Firm transportation charges for the NTS comprise capacity and commodity charges.

1.8 Interruptible Transportation

Interruptible transportation is available for supply points with Annual Quantities (AQs) of over 5,860 MWh per annum.

For supply points which have been nominated by a shipper as interruptible, the shipper will not pay the NTS (TO) exit capacity charge or the capacity element of the relevant LDZ charge. Where National Grid NTS nominates a supply point to be interrupted for more than 15 days in a particular year (measured from 1 April to 31 March) there is a transportation charge credit. For each day of interruption over 15 days, a transportation charge credit, equivalent to 1/15 of the annual NTS exit capacity and the relevant LDZ capacity charges avoided by having interruptible rather than firm transportation, is payable to the shipper. National Grid NTS has the right to interrupt these supply points for up to 45 days each year. The business rules for interruptible supply points are detailed in **The Statement of the Gas Transmission Transportation Charging Methodology**.

To help National Grid NTS run the network safely and securely the UNC defines two special types of interruptible supply points. These are Network Sensitive Load (NSL) and Transporter Nominated Interruptible (TNI).

NSLs are supply points where specific interruption may be required to maintain the supply of gas to firm supply points in the same area.

TNIs are supply points where National Grid NTS reserves the right to interrupt for more than 45 days each year.

National Grid NTS offers a number of services related to interruptible supply points:

- Allocation arrangements allow more than one shipper / supplier to supply interruptible gas to sites with AQs in excess of 58,600 MWh per annum. This flexibility of supplier enables the end user to make greater use of the competitive market and allows for alternative provision of gas during commercial interruption. Further details of this service are given in Section 8.2.

- The Partial Interruption service is designed to allow shippers to reduce offtake rates at supply points (to predetermined levels agreed between the shipper and the end user) where capacity exists, so that the site remains on a part-load, where otherwise it would have been fully interrupted.

- The Interruptible Supply Point Firm Allowance (IFA) is available to all interruptible supply points. It allows a guaranteed supply of 14,600 kWh per day (this figure can be higher if the capacity is available), where this allowance is subject to normal firm transportation charges. This enables end users to maintain their critical processes when their supply is interrupted.

- Transfer of Firm Offtake Capability. This allows a shipper to release capacity allocated to a firm supply point in order to meet the requirements of an interruptible supply point during an interruption notice. This is subject to system constraints and other eligibility criteria.

Details of all the above interruption services are available from gas suppliers / shippers or from National Grid Operations and Trading on **01455 893147**.

1.9 Theft of Gas

The licensing regime places incentives on transporters, shippers and suppliers to take action in respect of suspected theft of gas. Certain costs associated with individual cases of theft are recovered through transportation charges. National Grid NTS's charges reflect these requirements, with National Grid NTS remaining cash neutral in the process.

2 NTS TO Entry Capacity

National Grid is obliged to make available for sale system entry capacity by means of five related auction mechanisms. For each of the system entry points, capacity is made available on a firm and interruptible basis. All entry capacity is offered on a, pence per kWh per day basis where the quantity is measured in terms of an end of day entitlement.

Interruptible capacity is limited to being offered on a daily basis in an auction that is conducted on the day ahead of the intended day of use.

Firm Entry Capacity is offered in bundles of quarters, months and days.

For further information on system entry capacity please refer to **The Statement of the Gas Transmission Charging Methodology**.

2.1 Quarterly System Entry Capacity

Entry capacity can be obtained through the Quarterly System Entry Capacity (QSEC) auction process up to 17 years ahead of the intended year of use. National Grid NTS has an obligation to make available a core baseline quantity which is calculated in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of National Grid NTS's GT Licence. The baseline quantity from which National Grid NTS's obligation is derived is set out in Appendix B of the current **Transmission Transportation Charging Statement**. The minimum quantities to be offered in the Annual System Entry Capacity auctions, after taking into account a GT Licence requirement to hold back some capacity for short term allocation, is detailed in Appendix C(ii).

For each of the system entry points National Grid NTS has determined a baseline price and an additional 20 price steps for increments of capacity that may be demanded above the baseline quantity, as set out in the **Statement of the Gas Transmission Transportation Charging Methodology** and the **Incremental Entry Capacity Release (IECR) Statement**. The step prices that are applicable for QSEC allocations are

set out in Appendix D of the current **Transmission Transportation Charging Statement**. Prices are published for each system entry point and are applicable for all periods in which QSEC is offered. Allocation of capacity will be conducted in accordance with the provisions set out in National Grid NTS's **Incremental Entry Capacity Release (IECR) Statement**.

2.1.1 NTS Entry Capacity Retention Charges

The establishment of entry capacity substitution (ECS), a process by which NGG moves unsold non-incremental obligated entry capacity from one Aggregated System Entry Point (ASEP) to meet the demand for incremental obligated entry capacity at a different ASEP has introduced a "retainer" as an annual product which can be taken out at any entry point with substitutable capacity. When it is requested ahead of the Quarterly System Entry Capacity (QSEC) auction, the retainer allows the specified volume of capacity to be excluded from the substitution process during the QSEC or in any other quarterly system entry capacity auction during the next twelve months.

The costs of taking out a retainer on entry capacity may be refunded to the party that takes out a retainer if that capacity is subsequently purchased by any user subsequent QSEC or AMSEC auctions, as detailed by the **ECS methodology statement** (available on the National Grid website via the following link www.nationalgrid.com/uk/gas/statements/)

The retainer charge is given in Table 1 and is applicable to all ASEPs.

Table 1

Invoice	Charge Code
ADK	QUC

Charge per unit of entry capacity retained	0.2922 pence per KWh of entry capacity retained (equates to 0.0001 p/kWh/d for 32 quarters).

2.2 Monthly System Entry Capacity

For each of the system entry points Monthly System Entry Capacity (MSEC) is allocated by auction for a period no more than two years ahead of the period of use. The maximum quantities to be offered in MSEC allocations are also set out in Appendix C(i). MSEC auctions offer monthly tranches of firm capacity and are held in respect of each Aggregate System Entry Point (ASEP). Capacity is allocated in respect of each bid in descending price order starting at the highest bid until all monthly system entry capacity has been allocated or all valid bids have been considered. Successful bidders are liable to pay the bid price of each accepted or part accepted bid.

Following the final annual Monthly System Entry Capacity (AMSEC) auction in which capacity is offered for two capacity years any remaining quantities of entry capacity can be purchased in the Rolling Monthly Trade & Transfer System Entry Capacity (RMTNTSEC) auction. The method that National Grid will use to facilitate the transfer of unsold, or the trade of sold, NTS Firm Entry Capacity from one ASEP to another is set out in the **Entry Capacity Transfer and Trades Methodology Statement.**

This auction is conducted within the capacity year and also facilitates trade and transfer of entry capacity. The quantities offered are any unsold baseline capacity carried over from the AMSEC allocations and any capacity surrendered during the rolling monthly surrender process. Allocations will be completed by the 3rd business day proceeding the last business day of each calendar month. The capacity offered and subsequently allocated will be applicable for the following month. For unsold and surrendered capacity sold, allocations are based on a pay as bid basis but for specific allocations rules please refer to section B2.3 of the UNC.

The lowest price that can be accepted in an MSEC allocation is the reserve price as set out in Table 3 in Section 2.5.

2.3 Daily System Entry Capacity

National Grid NTS offers two daily capacity services – a firm Daily System Entry Capacity service (DSEC) and a Daily Interruptible System Entry Capacity service (DISEC). Both services are offered through a tender process and are subject to minimum reserve prices. Successful bidders are liable to pay the bid price of each accepted or part accepted bid. Capacity is allocated, in respect of each bid, in descending price order until all capacity has been allocated or all valid bids have been considered.

The allocation of DSEC is initiated before the gas day and is repeated at intervals through to 02:00 hours on the gas day. Shippers may have up to 20 bids on the system at any one time. DSEC availability is presently defined in the UNC as the amount, determined by National Grid NTS, by which system entry capacity exceeds firm system entry capacity held by shippers.

DISEC is allocated by means of a single tender that is held on the day before the gas day. Shippers may submit up to 20 applications for this capacity in respect of each ASEP.

DISEC consists of any unutilised booked monthly capacity on a day. National Grid NTS determines the availability of capacity after consideration of the daily allocation levels at each ASEP on the day before the gas day. If, on a day, nominations from primary holders of firm capacity increase so that gas flow exceeds booked levels at an entry point, any DISEC service entitlements would be scaled back.

The lowest price that can be accepted in an DSEC allocation is the reserve price as set out in Table 3 in Section 2.5.

2.4 Additional Discretionary Release Mechanism for NTS Entry Capacity (DRSEC)

An additional capacity release mechanism which allows National Grid to invite applications for quarterly, monthly, daily or daily interruptible entry capacity outside of the existing auction mechanisms has been introduced. The timing of such invitations and the quantities of entry capacity offered are at the sole discretion of NGG NTS. This would be mainly for discretionary entry capacity (in addition to baselines) but under certain circumstances may involve unsold obligated capacity. The entry capacity offered by NGG NTS is subject to the prevailing reserve price and available for a period of no more than one capacity year.

2.5 Entry Capacity Reserve Prices

To date all system entry capacity auctions have been subject to reserve prices.

The invoice codes and reserve prices applicable to MSEC and DSEC sold before the day are shown in Table 2 and Table 3, respectively. For DSEC sold on the day the reserve price has been set to zero since 1 October 2003. Reserve prices for DISEC are set at zero.

Table 2

Service	Invoice	Charge Code
MSEC	NTE	MEC
DSEC	NTE	DFC
DISEC	NTE	DIC

Table 3 Entry Capacity Reserve Prices for Capacity for use from 1 October 2010

MSEC Reserve Prices Pence per kWh per day		
	Y	**Y+1**
Entry Point	**from 1 Oct 10 to 30 Sep 11**	**from 1 Oct 11 to 30 Sep 12**
Coastal Terminals & LNG Importation		
Bacton	0.0091	0.0094
Barrow	0.0061	0.0007
Easington&Rough	0.0115	0.0118
Isle of Grain	0.0032	0.0039
Milford Haven	0.0207	0.0207
St Fergus	0.0402	0.0382
Teesside	0.0100	0.0092
Theddlethorpe	0.0107	0.0115
Onshore Fields and Connections		
Burton Point	0.0001	0.0001
Hatfield Moor	0.0047	0.0048
Hole House Farm	0.0001	0.0001
Wytch Farm	0.0001	0.0001
Storage		
Barton Stacey	0.0001	0.0001
Caythorpe	0.0071	0.0095
Cheshire	0.0001	0.0001
Fleetwood	0.0036	0.0041
Garton	0.0109	0.0128
Glenmavis	0.0172	0.0125
Hatfield Moor	0.0047	0.0048
Hornsea	0.0110	0.0114
Partington	0.0001	0.0001
Constrained LNG		
Avonmouth	0.0001	0.0001
Dynevor Arms	0.0001	0.0001

Table 3 continued

Reserve Prices Pence per kWh per day	
Entry Point	**DSEC** **from 1 Oct 10 to 30 Sep 11**
Coastal Terminals & LNG Importation	
Bacton	**0.0061**
Barrow	**0.0041**
Easington&Rough	**0.0077**
Isle of Grain	**0.0021**
Milford Haven	**0.0138**
St Fergus	**0.0268**
Teesside	**0.0067**
Theddlethorpe	**0.0071**
Onshore Fields and Connections	
Burton Point	**0.0001**
Hatfield Moor	**0.0031**
Hole House Farm	**0.0001**
Wytch Farm	**0.0001**
Storage	
Barton Stacey	**0.0001**
Caythorpe	**0.0047**
Cheshire	**0.0001**
Fleetwood	**0.0024**
Garton	**0.0073**
Glenmavis	**0.0115**
Hatfield Moor	**0.0031**
Hornsea	**0.0073**
Partington	**0.0001**
Constrained LNG	
Avonmouth	**0.0001**
Dynevor Arms	**0.0001**

3 Constrained LNG

Shippers that book the constrained Liquefied Natural Gas (LNG) storage service, available from the LNG storage site at Avonmouth, undertake an obligation to provide transmission support gas to National Grid NTS on days of very high demand. In recognition of this, shippers receive a credit in respect of minimum booked storage deliverability. Full details of associated rules are available on request from National Grid NTS's LNG business unit. The credit, shown in Table 4, is deducted from the charge for the storage service.

National Grid does not require constrained LNG at Avonmouth for the gas storage year 2010/11 and hence the credit rate will be,

Table 4 Constrained LNG Credit

	From 1 May 2010	
	Credit Rate based on Capacity	**Credit Rate based on Annual Shipper Storage Space Volume**
	Pence per registered kWh per day	**p/kWh**
Avonmouth LNG	0.0000	0.0000

4 NTS TO Exit Capacity Charges

NTS TO exit capacity charges apply to loads supplied through existing NTS offtakes into Distribution Networks (DNs) and to large loads and interconnectors supplied directly from the NTS. The exit zone for a DN supply point is determined by its postcode.

For new loads supplied directly from the NTS, the exit zone charges provide an indication of the likely level of charges. However, in general, an individual exit zone will be created with its own charge for new NTS offtakes.

At present, National Grid NTS makes no charge for NTS exit capacity at storage points. This is on the basis that the transportation service to the storage points is interruptible. If a firm transportation service to storage were provided, a TO exit capacity charge would be payable.

There are four small towns in Scotland where LNG needs to be transported by road tanker to supply end users on distribution systems which are not physically connected to the main gas network. For these locations, NTS TO exit charges will be calculated on the basis that they are allocated to exit zone SC4, the location of the LNG storage site which supplies them.

The map at the beginning of this document gives the locations of the exit zones. Exit zones SC3, EA5, EA6 and EA7 have no offtakes.

The NTS TO Exit Capacity charges are given in Table 5.

Please note the **indicative charges** for 2010/11 and 2011/12 are now available on our web site in a separate document under Gas Charges / Indicative Charge Changes.

Table 5 NTS TO Exit Capacity Charges

Invoice	Charge Codes
CAP	NDX (DM) / NNX (NDM)

Network	Exit Zone	Pence per peak day kWh per day
East of England	EA1	0.0042
	EA2	0.0049
	EA3	0.0001
	EA4	0.0100
	EM1	0.0001
	EM2	0.0030
	EM3	0.0139
	EM4	0.0092
North of England	NE1	0.0045
	NE2	0.0006
	NE3	0.0001
	NO1	0.0035
	NO2	0.0033
London	NT1	0.0195
	NT2	0.0109
	NT3	0.0103
North West	NW1	0.0142
	NW2	0.0189
Scotland	SC1	0.0001
	SC2	0.0001
	SC4	0.0001
South of England	SE1	0.0136
	SE2	0.0195
	SO1	0.0139
	SO2	0.0224
Wales & the West	SW1	0.0150
	SW2	0.0230
	SW3	0.0340
	WA1	0.0225
	WA2	0.0079
West Midlands	WM1	0.0180
	WM2	0.0146
	WM3	0.0130

Table 5 NTS TO Exit Capacity Charges continued

Invoice	Charge Codes
CAP	NDX (DM) / NNX (NDM)

NTS Sites	Site Name as NTS Licence Special Condition C8E	Current
Baglan Bay PG	Tonna (Baglan Bay)	**0.0055**
Barking PG	Barking (Horndon)	**0.0107**
Billingham ICI	Billingham ICI (Terra Billingham)	**0.0048**
BP Grangemouth	Blackness (BP Grangemouth)	**0.0001**
BP Saltend HP	Saltend BPHP (BP Saltend HP)	**0.0001**
Bridgewater Paper	Shotwick (Bridgewater Paper)	**0.0215**
Brigg PG	Blyborough (Brigg)	**0.0018**
Brimsdown PG	Epping Green (Enfield Energy, aka Brimsdown)	**0.0112**
Brunner Mond	Pickmere (Winnington Power, aka Brunner Mond)	**0.0187**
Centrax	Centrax Industrial	**0.0333**
Connahs Quay PS	Burton Point (Connahs Quay)	**0.0211**
Corby PS	Caldecott (Corby Power Station)	**0.0090**
Coryton PG	Stanford Le Hope (Coryton)	**0.0110**
Cottam PG	Blyborough (Cottam)	**0.0028**
Damhead Creek	Middle Stoke (Damhead Creek, aka Kingsnorth PS)	**0.0102**
Deeside PS	Deeside	**0.0215**
Didcot PS	Didcot B	**0.0151**
Goole Glass	Goole (Guardian Glass)	**0.0014**
Grain Gas	Grain Power Station	**0.0102**
Great Yarmouth	Bacton (Great Yarmouth)	**0.0001**
Hays Chemicals	Hollingsgreen (Hays Chemicals)	**0.0199**
ICI Runcorn	Weston Point (Castner Kelner, aka ICI Runcorn)	**0.0234**
Immingham PG	Thornton Curtis (Humber Refinery, aka Immingham)	**0.0001**
Keadby PS	Eastoft (Keadby and Keadby Blackstart)	**0.0026**
Kemira Ince	Shellstar (aka Kemira, not Kemira CHP)	**0.0230**
Kings Lynn PS	Saddle Bow (Kings Lynn)	**0.0031**
Langage PG	Langage Power Station	**0.0364**
Little Barford PS	St. Neots (Little Barford)	**0.0070**
Longannet	Gowkhall (Longannet)	**0.0001**
Marchwood	Marchwood Power Station	**0.0234**
Medway PS	Medway (aka Isle of Grain PS, NOT Grain Power)	**0.0101**
Milford Haven Refinery	Upper Neeston (Milford Haven Refinery)	**0.0001**
Pembroke PS		**0.0001**
Peterborough PS	Peterborough (Peterborough Power Station)	**0.0052**
Peterhead PG	St. Fergus (Peterhead)	**0.0001**
Phillips Seal Sands	Phillips Petroleum, Teeside	**0.0041**
Rocksavage PG	Weston Point (Rocksavage)	**0.0234**
Roosecote PS	Roosecote (Roosecote Power Station)	**0.0054**
Rye House PS	Ryehouse	**0.0116**
St. Fergus Site		**0.0001**
Saltend	Rosehill (Saltend Power Station)	**0.0001**
Sappi Paper Mill	Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	**0.0141**
Seabank Power	Abson (Seabank Power Station phase I)	**0.0219**
Seabank Power II	Seabank (Seabank Power Station phase II)	**0.0238**
Sellafield PS	Sellafield Power Station	**0.0096**
Shotton Paper	Harwarden (Shotton, aka Shotton Paper)	**0.0212**
Spalding PG	Wragg Marsh (Spalding)	**0.0042**

Continued on next page

Table 5 NTS TO Exit Capacity Charges (continued)

NTS Sites	Site Name as NTS Licence Special Condition C8E	Effective from 1 October 2010
Stallingborough PS	Stallingborough (phase 1 and 2)	**0.0001**
Staythorpe	Staythorpe PH1 and PH2	**0.0002**
Sutton Bridge PS	Sutton Bridge Power Station	**0.0045**
Teesside BASF	Teesside (BASF, aka BASF Teesside)	**0.0041**
Teesside Hydrogen	Teesside Hydrogen	**0.0041**
Teesside PS	Enron Billingham	**0.0048**
Thornton Curtis PG	Thornton Curtis (Killingholme)	**0.0001**
West Burton PS		**0.0028**
Zeneca	Zeneca (ICI Avecia, aka 'Zenica')	**0.0048**

Interconnectors	Site Name as NTS Licence Special Condition C8E	
Bacton Interconnector	Bacton (IUK)	**0.0001**
Moffat	Moffat (Irish Interconnector)	**0.0001**

Storage Sites		
Avonmouth LNG	Avonmouth Max Refill	**0.0238**
Barton Stacey	Barton Stacey Max Refill (Humbly Grove)	**0.0216**
Caythorpe	Caythorpe	**0.0001**
Cheshire (MRS)	Cheshire	**0.0194**
Dynevor Arms LNG	Dynevor Max Refill	**0.0074**
Fleetwood		**0.0129**
Garton (MRS)	Garton Max Refill (Aldbrough)	**0.0001**
Glenmavis LNG	Glenmavis Max Refill	**0.0001**
Hatfield Moor (MRS)	Hatfield Moor Max Refill	**0.0019**
Holehouse Farm (MRS)	Hole House Max Refill	**0.0202**
Hornsea (MRS)	Hornsea Max Refill	**0.0001**
Partington	Partington Max Refill	**0.0180**
Rough	Rough Max Refill	**0.0001**

5 NTS Commodity Charges

5.1 NTS TO Commodity Charge

The NTS TO commodity charge may be levied where an under-recovery of TO entry revenue against the entry target level is forecast. The charge is levied on entry flows only at entry terminals (but not storage facilities) and would address only a forecast TO revenue under-recovery that does not arise from NTS exit capacity charging.

The rate is identified in the commodity schedule given in Table 6. For the avoidance of doubt, the TO commodity rate would be set to zero where forecast entry TO revenue is at, or above, the entry revenue target level.

5.2 NTS SO Commodity Charge

The NTS SO commodity charge is a uniform rate, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. The rate is identified in Table 6 below.

Table 6 NTS Commodity Charges

Invoice	Charge Code
ECO	NCE

	Pence per kWh
TO Entry	0.0174
SO Entry	0.0192
Combined Rate	0.0366

Invoice	Charge Code
COM	NCO

	Pence per kWh
SO Exit	0.0192

NTS entry commodity (NCE) will be invoiced using the combined rate.

5.3 NTS Optional Commodity Charge

The optional NTS commodity tariff is available as an alternative to both the entry / exit NTS SO commodity charges and the NTS TO commodity charge. It may be attractive for large daily metered sites located near to entry terminals, since the NTS SO and TO commodity tariffs are not distance-related and can result in a relatively high charge for short distance transportation. This could give perverse economic incentives to build dedicated pipelines bypassing the NTS, resulting in an inefficient outcome for all system users.

The optional tariff applies in respect of gas delivered from the local specified terminal. The charge is site specific and is calculated by the function shown in Table 7 below.

Table 7 NTS Optional Commodity Charge

Invoice	Charge Code
ADU	880

Pence per kWh
$1203 \times [(SOQ)^{-0.834}] \times D + 363 \times (SOQ)^{-0.654}$

where **D** is the direct distance from the site or non-National Grid NTS pipeline to the elected terminal in km and **SOQ** is the registered supply point capacity in kWh. Note that ^ means “to the power of …”

Further information on the NTS Optional Commodity tariff can be obtained from our UK Transmission Charging team on **01926 654633**.

6 Compression Charge

An additional charge is payable where gas is delivered into the National Grid NTS system at a lower pressure than that required, reflecting the need for additional compression. For gas delivered at the Total Oil Marine sub-terminal at St. Fergus, a compression charge is payable at the rate identified in Table 8 below.

Table 8 St. Fergus Compression Charge

Invoice	Charge Code
ADZ	900

	Pence per kWh
Compression	0.0138

7 DN Pensions Deficit Charge

The share of the pension deficit cost allowance associated with former employees of the DNs is recovered via the DN Pension Deficit Charges levied on each of the DNs on a monthly basis. The monthly charges for the financial year 2010/11 are shown in Table 9 DN Pension Deficit Charge below.

Table 9 DN Pension Deficit Charge

Invoice	Charge Code
ADN	N23

DN	Monthly Charge	Per Annum, £m
East of England	404,104	4.85
London	235,587	2.83
North West	277,507	3.33
West Midlands	200,375	2.40
North of England	257,386	3.09
Scotland	177,739	2.13
South of England	411,649	4.94
Wales and the West	246,487	2.96

8 Other Charges

Other Charges include administration charges at Connected System Exit Points, Shared Supply Meter Points and Interconnectors.

8.1 Connected System Exit Points (CSEPs)

A CSEP is a system point comprising one or more individual exit points which are not supply meter points. Separate administration processes are required to manage the daily operations and invoicing associated with CSEPs, including interconnectors, for which an administration charge is made.

The administration charge which applies to CSEPs containing NDM and DM sites is given in Table 10 .

Table 10 CSEP Administration Charge

Invoice	Charge Code
ADU	884

Charge per supply point	0.1185 pence per day (£0.43 per annum)

8.2 Shared Supply Meter Point Allocation Arrangements

National Grid NTS offers an allocation service for daily metered supply points with AQs of more than 58,600 MWh per annum. This allows up to four (six for VLDMCs) shippers / suppliers to supply gas through a shared supply meter point.

The allocation of daily gas flows between the shippers / suppliers can be done either by an appointed agent or by National Grid NTS.

The administration charges which relate to these arrangements are shown in Table 11. Individual charges depend on the type of allocation service nominated and whether the site is telemetered or non-telemetered.

Table 11 Shared Supply Meter Point Administration Charges (£ per shipper per supply point)

Invoice	Charge Code
ADU	884

Agent Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£183.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£2.96

National Grid NTS Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£202.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£3.05

8.3 Interconnector

8.3.1 Allocation Arrangements at Interconnectors

The allocation charges that apply at interconnectors (GB-Ireland and UK-Continent) and apply for each supply point are shown in Table 12. Allocating daily gas flows between shippers / suppliers can be done either by an appointed agent or by National Grid NTS. The same set up charge applies in either case. The daily charge depends on whether the service is provided through an agent or not.

Table 12 Allocation Charges at Interconnectors

Invoice	Charge Code
ADU	884

	Set up charge per shipper	Daily charge per shipper
Agent service	£141.70	£1.62
National Grid NTS service	£141.70	£2.46

8.3.2 Administration Charges at Moffat

The following administration charges apply only to the GB-Ireland interconnector at Moffat. The charges, which vary if the service is provided via an agent or National Grid NTS, are detailed in Table 13.

Table 13 Administration Charges for Moffat

Invoice	Charge Code
ADU	884

	Daily charge per shipper
Agent service	£15.08
National Grid NTS service	£30.16

The charges, with or without an agent, cover the operation of the flow control valve. In addition the National Grid NTS service provides the Exit Flow Profile Notice (EPN).

In the event that the appointed agent fails to provide an EPN to National Grid NTS, the following additional charge will apply:

EPN Default Charge per shipper per event is £0.63

9 Appendix A Estimation of Peak Daily Load for Non-Daily Metered Supply Points

For non-daily metered (NDM) supply points, the peak daily load is estimated using a set of End User Categories (EUCs). Each NDM supply point is allocated to an EUC. In each LDZ each EUC has an associated load factor, as listed in Table 15 and Table 16. The data in these tables applies for the gas year 1 October 2010 to 30 September 2011.

In the tables 'XX' refers to the LDZ Code (e.g. EA).

These EUCs depend upon the annual quantity (AQ) of the supply point and, in the case of monthly read sites, the ratio of winter to annual consumption where available.

9.1 Monthly Read Sites

It is mandatory for supply points with an annual consumption greater than 293 MWh to be monthly read. However, at the shipper's request, sites below this consumption may also be classified as monthly read.

For monthly read sites where the relevant meter reading history is available, the winter: annual ratio is the consumption from December to March divided by the annual quantity. If the required meter reading information is not available, the supply point is allocated to an EUC simply on the basis of its annual quantity.

The peak load for an NDM supply point may then be calculated as:

$$\frac{AQ \times 100}{365 \times LoadFactor}$$

For example,

For a supply point in Eastern LDZ with an annual consumption of 1,000 MWh per annum.

Assume consumption December to March inclusive is 550 MWh.
Winter annual ratio = 550 ÷ 1000 = 0.55

For a site with an annual consumption of 1,000 MWh, a ratio of 0.55 falls within winter annual ratio band W03 as shown in Table 14 and the site is thus within End User Category EA:E1004W03.

For a site in this category, the load factor is 29.6% and the peak daily load is therefore,

$$\frac{1000 \times 100}{365 \times 29.6} = 9.26 \text{ MWh}$$

If the required meter reading information is not available to calculate the winter annual ratio, the supply point is allocated to an EUC simply on the basis of its annual quantity, in this case EA:E1004B.

For a site in this category, the load factor is 33.0% and the peak daily load is therefore,

$$\frac{1000 \times 100}{365 \times 33.0} = 8.30 \text{ MWh}$$

9.2 Six monthly read sites

In the case of six monthly read sites, the supply point is allocated to an EUC simply on the basis of its annual quantity.

For example, for a supply point in Eastern LDZ with an annual consumption of 200 MWh per annum, the EUC will be EA:E1002B.

For a site in this category, the load factor is 30.4% and the peak daily load is therefore

$$\frac{200 \times 100}{365 \times 30.4} = 1.80 \text{ MWh}$$

9.3 Notes

The term LDZ is applied in the context of its usage with reference to the Uniform Network Code (UNC) daily balancing regime. This is not precisely the same as the term LDZ when it is used in the context of National Grid NTS's organisation structure.

For supply points whose consumption is over 73,200 kWh and which include one or more NDM supply meter points, an end user category code can be found in the supply point offer generated by UK Link. This code may be correlated with the end user category code shown opposite by means of a lookup table issued separately to shippers. Copies are available from the xoserve Supply Point Administration Management team on **0121 713 5569.**

For additional information regarding the demand estimation process, please contact xoserve on **0121 623 2695**.

9.4 Daily metered supply points

The SOQ of daily metered sites is known and hence no load factor is required.

Supply points with annual consumptions greater than 58,600 MWh should be daily metered. However, a handful of sites remain as non-daily metered as a result of difficulties installing the daily read equipment. In such cases the end user category code XX:E1009B is used.

Firm supply points with an AQ above 73.2 MWh pa may, at the shipper's request, be classified as daily metered. All interruptible supply points are daily metered.

9.5 Consultation on end user categories

Section H of the Uniform Network Code requires the transporter to publish its demand estimation proposals for the forthcoming supply year (NDM Profiling and Capacity Estimation Algorithms for 2010/11, August 2010), by the end of June each year. These proposals comprise end user category definitions, NDM profiling parameters (ALPs and DAFs), and capacity estimation parameters (EUC load factors). Analysis is presented to users and the Demand Estimation Sub-Committee (a sub-committee of the UNC Committee) is consulted before publication of its proposals.

The following tables define the end user category for particular LDZs by reference to annual consumption and winter annual ratio, applicable from 1 October 2010 to 30 September 2011.

Table 14 Definition of End User Categories

EUC Code	Annual Load (MWh)	Winter Annual Ratios (WAR)			
		W01	W02	W03	W04
xx:E1001B	< 73.2	-	-	-	-
xx:E1002B	73.2 - 293	-	-	-	-
xx:E1003B	293 - 732	0.00 - 0.50	0.50 - 0.59	0.59 - 0.70	0.70 - 1.00
xx:E1004B	732 - 2,196	0.00 - 0.50	0.50 - 0.59	0.59 - 0.70	0.70 - 1.00
xx:E1005B	2,196 - 5,860	0.00 - 0.44	0.44 - 0.54	0.54 - 0.66	0.66 - 1.00
xx:E1006B	5,860 - 14,650	0.00 - 0.38	0.38 - 0.49	0.49 - 0.60	0.60 - 1.00
xx:E1007B	14,650 - 29,300	0.00 - 0.36	0.36 - 0.42	0.42 - 0.57	0.57 - 1.00
xx:E1008B	29,300 - 58,600	0.00 - 0.35	0.35 - 0.39	0.39 - 0.49	0.49 - 1.00
xx:E1009B	> 58,600	-	-	-	-

Table 15 Small NDM Supply Points (Up to 2,196 MWh per annum)

xx: = LDZ =	EA	EM	NE	NO	NT	NW	SC	SE	SO	SW	WM	WA1	WA2
xx:E1001B	31.6%	33.5%	34.4%	32.3%	31.7%	34.2%	38.0%	30.5%	28.0%	29.8%	30.9%	34.2%	32.6%
xx:E1002B	30.4%	31.1%	28.4%	29.6%	32.7%	31.9%	40.3%	31.0%	30.7%	28.6%	29.1%	31.9%	28.4%
xx:E1003B	31.8%	31.5%	30.3%	31.6%	32.0%	31.3%	39.0%	30.7%	28.3%	28.9%	26.2%	31.3%	28.1%
xx:E1003W01	54.6%	54.1%	52.2%	53.6%	56.9%	54.3%	57.5%	56.0%	50.0%	55.9%	50.1%	54.3%	55.6%
xx:E1003W02	42.4%	41.5%	40.7%	35.6%	42.1%	40.8%	42.5%	42.7%	39.1%	41.1%	37.0%	40.8%	40.1%
xx:E1003W03	29.6%	29.0%	29.5%	25.9%	30.3%	27.4%	31.3%	30.2%	27.7%	28.4%	25.8%	27.4%	27.4%
xx:E1003W04	22.4%	21.9%	21.9%	21.1%	22.4%	22.0%	25.1%	21.7%	20.0%	21.5%	19.8%	22.0%	20.9%
xx:E1004B	33.0%	32.7%	34.0%	31.5%	35.4%	34.9%	40.2%	34.3%	30.1%	32.1%	30.3%	34.9%	30.1%
xx:E1004W01	54.6%	54.1%	52.2%	53.6%	56.9%	54.3%	57.5%	56.0%	50.0%	55.9%	50.1%	54.3%	55.6%
xx:E1004W02	42.4%	41.5%	40.7%	35.6%	42.1%	40.8%	42.5%	42.7%	39.1%	41.1%	37.0%	40.8%	40.1%
xx:E1004W03	29.6%	29.0%	29.5%	25.9%	30.3%	27.4%	31.3%	30.2%	27.7%	28.4%	25.8%	27.4%	27.4%
xx:E1004W04	22.4%	21.9%	21.9%	21.1%	22.4%	22.0%	25.1%	21.7%	20.0%	21.5%	19.8%	22.0%	20.9%

Table 16 Large NDM Supply Points (2,196 and above MWh per annum)

xx: = LDZ =	EA	EM	NE	NO	NT	NW	SC	SE	SO	SW	WM	WA1	WA2
xx:E1005B	38.2%	38.7%	36.8%	35.6%	39.0%	39.2%	42.7%	37.7%	33.9%	38.7%	36.2%	39.4%	38.1%
xx:E1005W01	71.5%	61.5%	61.5%	61.2%	71.2%	63.2%	64.3%	71.3%	64.2%	65.7%	60.4%	63.3%	66.0%
xx:E1005W02	48.0%	45.3%	45.2%	43.7%	47.5%	46.7%	48.9%	48.8%	42.7%	45.5%	43.3%	47.0%	46.0%
xx:E1005W03	37.2%	33.6%	33.4%	30.5%	36.7%	33.7%	36.5%	36.7%	33.2%	35.5%	32.4%	33.9%	34.7%
xx:E1005W04	24.7%	23.7%	23.6%	20.9%	24.3%	23.2%	26.7%	24.2%	21.4%	23.5%	22.3%	23.4%	23.3%
xx:E1006B	40.0%	44.9%	45.7%	42.0%	42.2%	46.0%	47.4%	43.6%	35.8%	43.7%	43.2%	46.2%	44.9%
xx:E1006W01	77.4%	75.5%	75.5%	76.8%	77.4%	78.1%	77.5%	77.4%	77.4%	77.5%	75.5%	78.1%	77.5%
xx:E1006W02	56.8%	54.2%	54.1%	51.1%	56.4%	53.8%	55.5%	56.2%	54.1%	56.5%	52.6%	54.0%	57.0%
xx:E1006W03	40.8%	38.8%	38.7%	36.6%	40.2%	40.7%	41.7%	40.2%	38.0%	40.5%	36.9%	40.9%	39.7%
xx:E1006W04	26.7%	25.8%	25.7%	23.2%	26.3%	25.7%	27.1%	26.6%	24.7%	26.6%	24.3%	25.9%	26.2%
xx:E1007B	45.5%	53.5%	53.5%	49.0%	45.0%	51.8%	51.3%	44.8%	41.6%	44.3%	51.9%	52.0%	44.5%
xx:E1007W01	84.1%	83.9%	83.9%	83.9%	84.0%	84.0%	83.9%	84.1%	84.2%	84.2%	84.0%	84.0%	84.1%
xx:E1007W02	63.4%	64.4%	64.3%	62.1%	63.0%	64.2%	65.6%	62.9%	61.4%	63.2%	63.1%	64.4%	63.6%
xx:E1007W03	45.3%	47.1%	47.0%	43.8%	44.9%	46.7%	48.8%	44.7%	42.2%	44.9%	45.1%	47.0%	45.4%
xx:E1007W04	29.6%	30.5%	30.2%	27.1%	29.1%	29.9%	31.5%	29.2%	27.2%	29.2%	28.9%	30.1%	28.7%
xx:E1008B	51.1%	63.3%	63.2%	56.2%	50.7%	59.0%	60.8%	50.4%	47.9%	50.7%	61.8%	59.2%	51.3%
xx:E1008W01	91.6%	91.0%	90.9%	90.9%	91.5%	91.4%	91.0%	91.6%	92.0%	91.6%	91.2%	91.4%	91.6%
xx:E1008W02	72.4%	73.0%	73.0%	71.2%	72.1%	72.9%	73.8%	72.0%	70.9%	72.2%	72.1%	73.0%	72.5%
xx:E1008W03	56.7%	57.8%	57.7%	54.4%	56.3%	57.5%	59.4%	56.1%	53.8%	56.4%	56.0%	57.7%	56.5%
xx:E1008W04	33.4%	34.4%	33.9%	30.7%	32.9%	33.6%	35.4%	32.9%	30.7%	33.0%	32.5%	33.8%	32.3%
xx:E1009B	62.1%	63.4%	63.4%	60.4%	61.7%	63.2%	65.0%	61.5%	59.5%	61.9%	61.8%	63.4%	62.4%

10 Appendix B Initial NTS SO Baseline Obligated Entry Capacity

Table 17 below details the NTS SO baseline obligated entry capacity GWh/day identified in National Grid NTS's GT Licence and used as the basis for determination of minimum annual quantities to be offered after 1 April 2007.

Table 17 NTS SO Baseline Obligated Entry Capacity (GWh/day)

Terminal	1 April 2007 onwards
Coastal Terminals and LNG Importation	
Bacton	1,783.4
Barrow	309.1
Easington/Rough	1,062.0
Isle of Grain	175.0
Milford Haven	0
St Fergus	1,670.7
Teesside	361.3
Theddlethorpe	610.7
Onshore Fields and Connections	
Burton Point	73.5
Hatfield Moor	0.3
Hole House Farm	131.6
Wytch Farm	3.3
Storage Sites	
Barton Stacey	82.6
Cheshire	285.9
Fleetwood	0
Garton	0
Glenmavis	28.5
Hatfield Moor	14.9
Hornsea	164.1
Partington	174.6
Constrained LNG	
Avonmouth	179.3
Dynevor Arms	8.0
New Entry Points	
Burton Agnes (Caythorpe)	0
Winkfield	0
Blyborough (Welton)	0
Tatsfield	0
Albury	0
Palmers Wood	0

11 Appendix C(i) AMSEC Entry Capacity

Obligated system entry capacity offered in Annual System Entry Capacity auctions is determined in accordance with National Grid NTS's GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with National Grid NTS's IECR statement.

National Grid will conduct the MSEC auctions and will publish the quantity of System Entry Capacity being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point along with reserve prices in an invitation letter to the community. The letter will also be sent by E-Mail and fax (business hours operational list) and will be posted on the National Grid web site under Gas/Operational Data/Capacity Auctions.

12 Appendix C(ii) QSEC Entry Capacity

Obligated system entry capacity to be offered in the next Annual System Entry Capacity auctions is determined in accordance with National Grid NTS's GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with National Grid NTS's IECR statement.

National Grid will conduct the QSEC auctions and will publish the quantity of System Entry Capacity being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point along with reserve prices in an invitation letter to the community. The letter will also be sent by E-Mail and fax (business hours operational list) and will be posted on the National Grid web site under Gas/Operational Data/Capacity Auctions.

13 Appendix D QSEC Step Prices

National Grid will conduct the QSEC auctions and will publish the entry capacity reserve prices together with the price steps for each level of incremental capacity for use in the auction of Quarterly System Entry Capacity (QSEC) below, 2 months prior to the next auctions.

14 Appendix E Estimated Project Costs