

All Shippers & Interested Parties

29 May 2026

RE: Notice of NTS Annual Yearly (Entry and Exit) Interconnection Point (IP) Reserve Prices

Dear Industry Participant

The Annual Yearly Auctions for NTS Entry and Exit Capacity at Interconnection Points will be held during July 2026 for capacity from 1st October 2026 to 30th September 2041.

National Gas is publishing this Notice of change to NTS Transportation Charges to provide at least one month in advance of the next Annual Yearly Auctions, consistent with our Licence obligations.

Reserve prices for the Annual Yearly and Annual Quarterly auctions have been calculated in accordance with UNC TPD Section Y and using revenues from the Price Control Financial Model ([PCFM](#)) published in May 2026.

The essence of the methodology to calculate Transmission Services Entry and Exit target revenues is to take a proportion of the revenues from the PCFM across two Regulatory periods (April to March) to calculate a revenue target for the Gas or Tariff Year (October to September) that crosses them. This, implemented as part of [UNC0796](#), smooths some of the revenue volatility that would otherwise impact the Reserve Prices. This means that in some years tariffs may be set to over or under recover relative to the Regulatory Revenues from the PCFM in any given year.

For the Regulatory Year ending March 2027, the tariffs calculated would result in an over recovery relative to the Allowed Revenues.

#### **Revenue determination and estimated recovery**

As per the methodology following the UNC to create the Gas Year target revenue to be recovered using the allowed revenue from the regulatory years it spans as inputs, this results in the anticipated collection, all else being equal, being an under or over recovery compared to the Allowed Revenue for the Regulatory Year that ends in the Gas year for which prices are being set.

To help illustrate this the table below provides some useful information on the anticipated revenue collection that underpins the charges being set.

*Transportation Owner (TO) Revenues and recovery estimates*

£m	Final	Indicative			
	Apr26- Mar27	Apr27- Mar28	Apr28- Mar29	Apr29- Mar30	Apr30- Mar31
TO FY Target Revenue (AR)	1,273.1	1,393.9	1,506.5	1,605.4	1,724.9
TO FY Forecast Recovery	1,281.2	1,407.9	1,514.3	1,596.3	1,716.2
TO Entry Recovery Forecast Variance	6.1	6.1	9.9	(11.8)	(1.0)
TO Exit Recovery Forecast Variance	2.0	7.9	(2.0)	2.8	(7.8)
Net Anticipated TO Recovery Variance	8.1	14.0	7.8	(9.1)	(8.7)

For the values in the table above:

- These are a combination of the relevant Entry and Exit Capacity Revenues and Meter Maintenance revenues attributable to TO revenue recovery per the Licence.
- Recovered revenue forecasts are estimates over time following the same methodology and shows an over collection in FY27.

As can be seen, for the Regulatory Year ending March 2027, the tariffs calculated would result in a net TO over recovery (c.£8.1m) relative to the Allowed Revenues and following this methodology results in a mixture of over and under recovery positions across future years. This is the smoothing effect working through over time under the methodology that UNC0796 introduced in 2022.

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

The reserve prices for the Entry Capacity Annual Yearly IP Auction are detailed in Table 1 below. (These prices will apply to the Entry Annual Quarterly IP Auction.)

### **IP Exit Capacity Reserve Prices**

The reserve prices for the Exit Capacity Annual Yearly IP Auction are detailed in Table 2 below. (These prices will apply to the Exit Annual Quarterly IP Auction.)

NTS large price steps for a Capacity Annual Yearly IP (Entry and Exit) auction will be the greater of 5% of the applicable reserve price and 0.0001 p/kWh/day.

The transparency data on charges and the values that underpin them, in accordance with the EU Tariff Code, is to be published before the end of August 2026. In the meantime, National Gas will be looking to host a webinar that will provide an opportunity for National Gas to talk through the

charges, including the revenue values that underpin them along with an update on key changes to how specific inputs have been calculated.

**Table 1** Reserve Prices Interconnection Points (IPs) for the Entry Annual Yearly and Entry Annual Quarterly auctions, Pence per kWh per day

<b>EU Interconnector Points (IPs)</b>	<b>1 Oct 26 Pence per kWh per day</b>
Bacton IP	0.1259

**Table 2** Reserve Prices, Interconnection Points (IPs) for the Exit Annual Yearly and Exit Annual Quarterly auctions, Pence per kWh per day

<b>Offtake Point</b>	<b>Type of Offtake</b>	<b>1 Oct 26 Pence per kWh per day</b>
Bacton (exit) IP	INTERCONNECTOR	0.0356
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	0.0356

For information, indicative prices for Gas Years 2027/28 to 2030/31 can be found in our Information Provision document, available under NTS Charging Supporting Information. If you have any questions or feedback relating to this notice, or NTS charges in general, please contact our charging team at [Box.NTSGasCharges@nationalgas.com](mailto:Box.NTSGasCharges@nationalgas.com)

Yours sincerely

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