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## **Final Exit Capacity Charges (ECN) to be applied from 1<sup>st</sup> October 2012**

### **1.0 Introduction**

Following the implementation of Uniform Network Code Modification 0195AV industry arrangements for the charging of NTS Exit Capacity costs will change on the 1<sup>st</sup> October 2012. National Grid Transmission will invoice gas Distribution Networks (DNs) for booked NTS Exit Capacity and DN's will invoice gas shippers in line with DNPC06 ("Proposals for LDZ Charges to Recover NTS Exit Capacity Charges").

### **2.0 Final Exit Capacity Charges (ECN) to be applied from 1<sup>st</sup> October 2012**

This notification provides confirmation of final ECN charges from the 1<sup>st</sup> October 2012 by Exit Zone.

| Exit Zone | Capacity<br>p/peak day KWh/day |
|-----------|--------------------------------|
| SO1       | 0.0150                         |
| SO2       | 0.0257                         |
| SE1       | 0.0164                         |
| SE2       | 0.0164                         |

### **3.0 Assumptions relating to the calculation of the ECN charges**

These charges have been calculated using the Notice of Final NTS Exit Capacity Charges published on the 1<sup>st</sup> May 2012.

The ECN charges reflect capacity bookings for the period 1<sup>st</sup> October 2012 to the 30<sup>th</sup> September 2013.

Please note that bookings require approval from National Grid, until approval has been confirmed on the 31<sup>st</sup> September 2012 the bookings are open to change.

### **The South East Local Distribution Zone.**

The Local Transmission System in the South East LDZ is highly integrated with customers being supplied by a number of SGN's offtakes at various times throughout the gas year.

One of the consequences of this integration is the capacity which is booked at the NTS Offtake into Exit Zone SE2 facilitates gas to flow through to customers located in Exit Zone SE1 in order to operate the network efficiently. Exit charges are now based on the capacity booked at NTS Offtakes supplying LDZ exit zones and are then charged using the nominated or calculated SOQ to Shippers in the respective Exit Zone. In the SE LDZ there are two Exit zones, SE1 and SE2. In Exit zone SE2 the capacity booked by SGN with NTS (and the associated charges) is greater than the capacity used in SE2, therefore customers would have to pay higher charges than the actual capacity used within this exit zone.

We believe this is an unintended consequence of the change in the charging methodology and in order to overcome this issue Southern Gas Networks have aggregated all of the NTS exit capacity charges in the SE LDZ (Exit Zones SE1 and SE2) which will result in the ECN charges being calculated using the same ECN rate within these two exit zones reflecting the fact that all NTS exit points provide the required capacity.

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