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29th February 2012

Dear Hannah,

### **Constrained LNG Credits from 1<sup>st</sup> May 2012**

Shippers that purchase space at Avonmouth LNG Storage Site 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.

In accordance with our Licence and Uniform Network Code obligations, National Grid is hereby giving two months' notice that the transportation credits applicable in respect of constrained LNG (CLNG) sites with effect from 1 May 2012 will be as follows:

	Credit Rate based on Capacity	Credit Rate based on Annual Shipper Storage Space Volume
	Pence per peak day kWh per day	p/kWh
Avonmouth	0.0007	0.0949

The CLNG credit rate is based on Pricing Consultation GCM14 'Constrained LNG Credits', details of which can be found at the following link <http://www.nationalgrid.com/NR/ronlyres/E11A4AD4-9E55-49E2-AAD5-162D04CA7788/31428/NTSGCM14REPORTCLNGCreditsv10.pdf>

Further information can be found in our current Transportation Charging Statement, Section 3 which is available on our website at the following link <http://www.nationalgrid.com/NR/ronlyres/64C6D27B-C7D3-4899-9CAB-15C03EB99AE2/51526/TransmissionTransportationChargesOct2011R2.pdf>

Supporting information is given in the table below.

	Units	Value	Calculation
Total Space Available	GWh	537.0	A
Operating Margin (OM) Space	GWh	152.0	B
Period of deliverability	Days	3.76	C
Total Deliverability per day	GWh/d	143.1	A/C
Space Monitor Requirement	GWh	15.167	D
Forecast Maximum Duration	Days	1	E
Maximum CLNG Deliverability Requirement	GWh	15.167	F=D/E
CLNG as % of Available after OM	%	10.6%	G = D/(A-B)
Exit LRMC at Avonmouth at April 2012	p/pdkWh/d	0.0066	H
<b>CLNG Credit 1 May 2012 based on capacity<sup>1</sup></b>	<b>p/pdkWh/d</b>	<b>0.0007</b>	I = H * F/(A/C)
Annual discount	£'s	365,373	J = I * D * 10000 * 365
<b>Pence per unit of Registered Storage Space excluding OM<sup>2</sup></b>	<b>p/kWh</b>	<b>0.0949</b>	K = J *100/(1000000*(A-B))

If you have any questions about this notice, or NTS charges in general please contact myself or Karin Elmhirst on 01926 655540.

Yours sincerely,

Anne Bennett  
Charging and Revenue Manager

<sup>1</sup> As defined in UNC. Effective credit based on Shippers booking NTS entry capacity at a level equal to the maximum deliverability of the facility.

<sup>2</sup> Credit received via LNG storage (rounded to 4 decimal places).