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Dear Colleague

Annual Monthly System Entry Capacity (AMSEC) Auction

**Invitation to Participate in an Auction
for the Capacity Period April 2014 to September 2015**

Pursuant to Section B2.2.1(b) of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC), National Grid Gas plc ("National Grid") in its role as holder of the Gas Transporter Licence in respect of the NTS (the "Licence") invites you to take part in the 2014 AMSEC auction for Monthly System Entry Capacity (MSEC).

The provisions of the UNC (including in particular, but not limited to, TPD Section B) apply to this invitation letter, the 2014 Annual Monthly System Entry Capacity (AMSEC) auction for MSEC, any bids made and then rejected or accepted pursuant to such auction, and any subsequent allocation of MSEC. Words and expressions which are capitalised but not defined in this invitation letter but which are defined in the UNC shall have the meanings given to them in the UNC.

Users may make applications for MSEC for each calendar month for the capacity period 1st April 2014 to 30th September 2015 (inclusive).

National Grid will conduct the AMSEC auction on the invitation dates listed below:

- | | | |
|------------|--------------------------------|-------------|
| ➤ Monday | 10 th February 2014 | (Tranche 1) |
| ➤ Thursday | 13 th February 2014 | (Tranche 2) |
| ➤ Tuesday | 18 th February 2014 | (Tranche 3) |
| ➤ Friday | 21 st February 2014 | (Tranche 4) |

On each date detailed above, the **auction window will commence at 08:00 and close at 17:00**. An MSEC bid may be withdrawn or amended until, but not after, 17:00. Allocations will be published to Users by 09:00 hours on the first Business Day following each invitation date.

The quantity of MSEC being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point (ASEP) is shown in **Table One** attached to this invitation letter. This has been calculated in accordance with the Entry Capacity Release Methodology Statement effective from 1st January 2014, paragraph 57. For each ASEP for each month the quantity of **Firm NTS Entry Capacity** that National Grid is obliged to make available for sale is:

**Non-incremental Obligated Entry Capacity; plus
Legacy Incremental Entry Capacity; plus
Funded Incremental Obligated Entry Capacity; minus
All previously sold Firm NTS Entry Capacity (but excluding any previously sold Non-obligated Entry Capacity)**

In each of the first three tranches of the AMSEC auction the amount of capacity offered will be 25% of the total MSEC being offered. In the fourth tranche the remaining 25% of total MSEC being offered will be offered for sale, together with any unsold from the previous three tranches.

Reserve prices apply for the AMSEC auction. The reserve prices are published in Table 3 of The Statement of Gas Transmission Transportation Charges, effective from 1 October 2013 and can be viewed via <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Charging-Statements/>

Please note: There are different reserve prices for two separate delivery periods 01 Apr 2014 to 30 Sep 2014 and 01 Oct 2014 to 30 Sep 2015 within this AMSEC transaction period.

Following the close of each tranche, National Grid will publish the following information for each ASEP, for each month, on the National Grid website via <http://www2.nationalgrid.com/uk/industry-information/gas-transmission-system-operations/capacity/entry-capacity-auction/> (select the following criteria: Auction Type: Annual Monthly System Entry Capacity; Report Type: Results (by Tranche); From: April 2014; To: September 2015)

- Weighted average price of all accepted bids
- Weighted average price of highest 50% of accepted bids
- Aggregate volume of allocated MSEC
- Total amount of revenue derived in respect of allocated MSEC
- Highest and lowest bids accepted
- Volume allocated at highest and lowest prices
- Total number of shippers who submitted successful capacity bids
- Total number of shippers who submitted unsuccessful capacity bids
- The amount of MSEC which remains unsold (if any) following the allocation.

Annual Monthly System Entry Capacity (AMSEC) Surrender Auction

Following implementation of UNC modification 0449 and pursuant to TPD Section B Annex B-3 of the Uniform Network Code, National Grid invited Users to submit surrender offers in kWh/day at the Bacton ASEP, via a surrender window, for inclusion within an AMSEC surrender auction. Where there are unallocated Tranche 4 bids and these bids can be satisfied through the acceptance of a surrender offer(s) this will be done via an AMSEC surrender auction.

The surrender window closed at 17:00 on the 10th January 2014 and the aggregate quantity of NTS Entry capacity that Users have offered to surrender, in respect of the Bacton ASEP, for each surrender period (month), is zero, this is shown in Table Two attached to this invitation letter.

Please note that where there is no or insufficient surrendered NTS Entry Capacity available National Grid may also in its sole discretion make available additional NTS Entry Capacity to Users via a AMSEC surrender auction which National Grid may undertake on behalf of users.

Following the completion of an AMSEC surrender auction and no later than two business days prior to the 1 April 2014 National Grid will inform each bidding User at the Bacton ASEP, of:

- Its accepted bids; and
- For each of its own accepted bids;
 - The amount of NTS Entry Capacity allocated
 - The period for which it has been allocated

Following the completion of an AMSEC surrender auction and no later than one business day prior to the 1 April 2014 National Grid will publish the following for the Bacton ASEP on the National Grid website via <http://www2.nationalgrid.com/uk/industry-information/gas-transmission-system-operations/capacity/entry-capacity-auction/> (select the following criteria: Auction Type: Annual Monthly System Entry Capacity; Report Type: Offers; From: April 2014; To: September 2015)

- Weighted average price of all accepted bids
- Weighted average price of highest 50% of accepted bids
- Aggregate volume of allocated NTS Entry Capacity
- Highest and lowest bids accepted
- Volume allocated at highest and lowest prices
- Total number of shippers who submitted successful capacity bids
- Total number of shippers who submitted unsuccessful capacity bids
- The amount of MSEC which remains unsold (if any) following the allocation

UNC and Licence changes may occur at any time, which may increase or decrease capacity rights, or availability. Users are advised to keep themselves up to date with any regime changes.

Please note that this invitation is being sent by e-mail via the Joint Office and by webfax (business hours operational list) and will be posted on the National Grid website (<http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx>). The fax delivery notification audit report will be considered as evidence of receipt. An ANS message will also be issued informing users that the invitation has been issued.

National Grid has put this document together with due care and attention. In the unlikely event of an error, National Grid reserves its right to correct the error and amend relevant elements of the auction as required.

If you have any queries with regards to entry capacity, the auction mechanism, Gemini or information provision then please do not hesitate to contact the capacity auctions team on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any capacity issues at capacityauctions@nationalgrid.com.

Yours faithfully,

Stephen Carey
Market Operation
National Grid

Table One – Available Monthly System Entry Capacity (kWh/d)

Month	Avonmouth (AV)	Bacton (BA)	Burton Point (BP)	Barrow (BR)	Barton Stacey (BS)	Canonbie (CB)
Apr-14	179,300,000	1,677,481,109	24,999,288	224,854,088	82,600,000	0
May-14	179,300,000	1,677,481,109	24,999,288	227,654,088	82,600,000	0
Jun-14	179,300,000	1,677,481,109	24,999,288	227,654,088	82,600,000	0
Jul-14	179,300,000	1,685,330,617	24,999,288	242,007,352	82,600,000	0
Aug-14	179,300,000	1,685,330,617	24,999,288	221,527,352	82,600,000	0
Sep-14	179,300,000	1,685,330,617	24,999,288	211,827,352	82,600,000	0
Oct-14	157,319,675	1,177,528,728	35,782,740	205,121,519	82,600,000	0
Nov-14	157,319,675	1,177,528,728	35,782,740	205,121,519	82,600,000	0
Dec-14	157,319,675	1,177,528,728	35,782,740	205,121,519	82,600,000	0
Jan-15	157,319,675	877,760,759	38,144,416	30,910,000	82,600,000	0
Feb-15	157,319,675	877,760,759	38,144,416	30,910,000	82,600,000	0
Mar-15	157,319,675	877,760,759	38,144,416	30,910,000	82,600,000	0
Apr-15	179,300,000	1,731,623,180	40,439,553	279,370,182	82,600,000	0
May-15	179,300,000	1,731,623,180	40,439,553	279,370,182	82,600,000	0
Jun-15	179,300,000	1,731,623,180	40,439,553	279,370,182	82,600,000	0
Jul-15	179,300,000	1,737,514,886	42,775,034	289,184,644	82,600,000	0
Aug-15	179,300,000	1,737,514,886	42,775,034	289,184,644	82,600,000	0
Sep-15	179,300,000	1,737,514,886	42,775,034	289,184,644	82,600,000	0

Month	Cheshire (CH)	Caythorpe (CT)	Dynevov Arms (DA)	Easington (EA)	Fleetwood (FL)	Glenmavis (GM)
Apr-14	140,243,200	0	49,000,000	1,047,737,352	650,000,000	99,000,000
May-14	140,243,200	0	49,000,000	1,047,737,352	650,000,000	99,000,000
Jun-14	140,243,200	0	49,000,000	1,047,737,352	650,000,000	99,000,000
Jul-14	140,243,200	0	49,000,000	1,070,327,352	650,000,000	99,000,000
Aug-14	140,243,200	0	49,000,000	1,077,437,352	650,000,000	99,000,000
Sep-14	140,243,200	0	49,000,000	1,072,307,352	650,000,000	99,000,000
Oct-14	140,243,200	0	27,019,675	269,761,279	650,000,000	99,000,000
Nov-14	140,243,200	0	27,019,675	269,761,279	650,000,000	99,000,000
Dec-14	140,243,200	0	27,019,675	269,761,279	650,000,000	99,000,000
Jan-15	140,243,200	0	27,019,675	106,200,000	650,000,000	99,000,000
Feb-15	140,243,200	0	27,019,675	106,200,000	650,000,000	99,000,000
Mar-15	140,243,200	0	27,019,675	106,200,000	650,000,000	99,000,000
Apr-15	140,243,200	0	49,000,000	1,084,594,532	650,000,000	99,000,000
May-15	140,243,200	0	49,000,000	1,084,594,532	650,000,000	99,000,000
Jun-15	140,243,200	0	49,000,000	1,084,594,532	650,000,000	99,000,000
Jul-15	140,243,200	0	49,000,000	1,085,600,673	650,000,000	99,000,000
Aug-15	140,243,200	0	49,000,000	1,085,600,673	650,000,000	99,000,000
Sep-15	140,243,200	0	49,000,000	1,085,600,673	650,000,000	99,000,000

Table One – Available Monthly System Entry Capacity (kWh/d)

Month	Garton (GR)	Hole House Farm (HH)	Hatfield Moor Onshore (HM)	Hornsea (HS)	Hatfield Moor Storage (HT)	Isle of Grain LNG (IG)
Apr-14	0	0	300,000	35,000,000	25,000,000	147,080,000
May-14	0	0	300,000	35,000,000	25,000,000	147,080,000
Jun-14	0	0	300,000	35,000,000	25,000,000	147,080,000
Jul-14	0	0	300,000	233,100,000	25,000,000	147,080,000
Aug-14	0	0	300,000	233,100,000	25,000,000	147,080,000
Sep-14	0	13,160,000	300,000	233,100,000	25,000,000	147,080,000
Oct-14	0	13,160,000	300,000	35,000,000	25,000,000	43,840,000
Nov-14	0	13,160,000	300,000	35,000,000	25,000,000	43,840,000
Dec-14	0	13,160,000	300,000	35,000,000	25,000,000	43,840,000
Jan-15	0	13,160,000	300,000	27,310,000	3,000,000	43,840,000
Feb-15	0	13,160,000	300,000	27,310,000	3,000,000	43,840,000
Mar-15	0	13,160,000	300,000	27,310,000	3,000,000	43,840,000
Apr-15	0	13,160,000	300,000	35,000,000	25,000,000	147,080,000
May-15	0	13,160,000	300,000	35,000,000	25,000,000	147,080,000
Jun-15	0	13,160,000	300,000	35,000,000	25,000,000	147,080,000
Jul-15	0	13,160,000	300,000	233,100,000	25,000,000	147,080,000
Aug-15	0	13,160,000	300,000	233,100,000	25,000,000	147,080,000
Sep-15	0	13,160,000	300,000	233,100,000	25,000,000	147,080,000

Month	Milford Haven (MH)	Partington (PR)	St. Fergus (SF)	Teesside (TE)	Theddlethorpe (TH)	Wytch Farm (WF)
Apr-14	0	215,000,000	1,389,505,312	203,824,700	563,712,911	3,300,000
May-14	0	215,000,000	1,389,545,312	203,954,700	564,872,911	3,300,000
Jun-14	0	215,000,000	1,389,585,312	203,824,700	563,982,911	3,300,000
Jul-14	0	215,000,000	1,368,853,348	204,806,096	561,412,911	3,300,000
Aug-14	0	215,000,000	1,369,053,348	205,566,096	562,342,911	3,300,000
Sep-14	0	215,000,000	1,369,163,348	204,676,096	562,942,911	3,300,000
Oct-14	0	193,019,675	1,182,009,401	200,063,872	568,042,912	3,300,000
Nov-14	0	193,019,675	1,182,009,401	200,063,872	568,042,912	3,300,000
Dec-14	0	193,019,675	1,182,009,401	200,063,872	568,042,912	3,300,000
Jan-15	0	193,019,675	1,262,970,254	98,409,126	592,405,950	3,300,000
Feb-15	0	193,019,675	1,262,970,254	98,409,126	592,405,950	3,300,000
Mar-15	0	193,019,675	1,262,970,254	98,409,126	592,405,950	3,300,000
Apr-15	0	215,000,000	1,515,289,504	235,542,980	592,405,950	3,300,000
May-15	0	215,000,000	1,515,289,504	235,542,980	592,405,950	3,300,000
Jun-15	0	215,000,000	1,515,289,504	235,542,980	592,405,950	3,300,000
Jul-15	0	215,000,000	1,553,854,081	236,170,536	592,405,950	3,300,000
Aug-15	0	215,000,000	1,553,854,081	236,170,536	592,405,950	3,300,000
Sep-15	0	215,000,000	1,553,854,081	236,170,536	592,405,950	3,300,000

Table Two – Aggregate amount of Monthly NTS Entry Capacity offered for surrender (kWh/d)

Month	Bacton (BA)
Apr-14	0
May-14	0
Jun-14	0
Jul-14	0
Aug-14	0
Sep-14	0
Oct-14	0
Nov-14	0
Dec-14	0
Jan-15	0
Feb-15	0
Mar-15	0
Apr-15	0
May-15	0
Jun-15	0
Jul-15	0
Aug-15	0
Sep-15	0