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31<sup>st</sup> January 2007

Dear Robert,

## Notice of Revised Gas Transmission Transportation Charges from 1st April 2007

In order to bring revenue recovery from transportation charges in line with National Grid's new Transmission Price Control Formulae which determines the maximum revenue that National Grid will be allowed to recover for the NTS over the next five years from 1<sup>st</sup> April 2007, National Grid is publishing this notice of revised transmission charges two months in advance of the changes, consistent with our Licence and Uniform Network Code obligations.

From 1<sup>st</sup> April 2007 changes will be applied to NTS charges as follows;

1. The NTS **TO Entry Commodity** charge will be reduced by 27% to 0.0120 p/kWh. This reduction is due to a combination of:
  - revised forecasts of capacity auction revenues
  - revised forecast of chargeable entry volumes
  - the effect of spreading the charge over the whole formula year and not, as previously, just the six months from October to March.
2. The NTS **SO Commodity** charge as applied to both entry and exit flows will be levied at a rate of 0.0136 p/kWh, an increase of 19% from its level at October 2006 and a 300% increase from the significantly reduced February/March 2007 level.
3. The **Compression** charge levied at the Total Oil Marine sub-terminal at St. Fergus will decrease to 0.0069 p/kWh. This change is due to revised forecasts in the cost of gas and volumes of throughput at the terminal.
4. The **Connected System Exit Points (CSEPs) Administration** charge will be revised to 0.1534 pence per day or £0.56 per annum per supply point. Other administration charges (those for allocation of shared supply meter points and interconnector arrangements) are being reviewed and may change in October 2007.
5. Following the Pricing Consultation under NTS GCM02 'DN Pensions Deficit Charge' the new monthly **DN Pensions Deficit** charges to the DNs will be as shown in Table 1 below. The introduction of these charges will be subject to agreement on the GT Licence drafting with respect to the Transmission Price Control, and implementation of UNC proposal 0127 'Introduction of a DN Pension Deficit Charge on DNO Users'.

**Table 1 DN Pension Deficit Charge**

<b>DN</b>	<b>Monthly Charge</b>
East of England	£407,830
London	£239,379
North of England	£257,110
North West	£274,842
Scotland	£177,318
South of England	£407,830
Wales and the West	£248,245
West Midlands	£203,915

For the avoidance of doubt, the NTS **TO Exit Capacity charges** will not change on the 1<sup>st</sup> April 2007 but will be reviewed again for the 1<sup>st</sup> October 2007 with any changes published by 31<sup>st</sup> July 2007.

Please find attached a copy of our document "Notice of Gas Transmission transportation Charges effective from 1<sup>st</sup> April 2007", which contains all of the above price changes. This document will also be available on the National Grid website [www.nationalgrid.com/uk/gas/](http://www.nationalgrid.com/uk/gas/) under Charging, Transportation Charges.

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

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