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Dear Chris,

Notice of MSEC and DSEC Reserve Prices and Rolling Monthly and Rolling Day Ahead Prices for Interconnection Points (IPs) for Capacity used from 1 October 2017

National Grid is publishing this notice of revised System Entry Capacity reserve prices two months in advance of the Rolling Monthly Trade & Transfer System Entry Capacity (RMTNTSEC) auction of System Entry Capacity, consistent with our Licence and Uniform Network Code obligations.

The changes to Monthly System Entry Capacity (MSEC) and Daily System Entry Capacity (DSEC) prices are shown in the attachment to this notice, with the new prices shown in bold. We have also updated Tables 4 and 10 to 14 of the NTS Gas Transportation Charges Statement dated 1 April 2017. The full updated Statement can be found on our website at: <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Charging-Statements/>.

Entry Capacity reserve prices relating to **Interconnection Points (IPs) for the Rolling Monthly and Rolling Day Ahead auctions** are also given in this Notice. Please note that we have also published a separate notice with details of the IP reserve prices which includes the Exit Capacity rates.

It should be noted that the System Entry Capacity (RMTNTSEC and DSEC) purchased during September 2017 for use from 1 October 2017 will be subject to the revised Entry Capacity reserve prices given in this notice. The revised prices have been calculated using the Transportation model which has been updated to reflect changes in demand levels, the pipeline network, supply patterns, Obligated Entry Capacity levels and the cost of investment through the expansion constant, all of which may affect the charges. All Entry Capacity reserve prices have been calculated using the Obligated NTS Entry Capacity levels.

The total peak demand has increased by about 4% compared to the forecasts in 2016/17, although not uniformly across the network. Supplies from the Milford Haven and Isle of Grain LNG entry points have increased along with a net increase in forecast supplies from the beach terminals. This has had varying effects on the Entry Capacity reserve prices though for the majority of the entry terminals there is a minimal change. Compared to last year, Barrow entry terminal reserve prices have had the most significant decrease. This is due to demand in the NW of England increasing, meaning

supply at this point does not have to travel as far into the system causing the rates to decrease. Garton storage has seen the largest increase caused by the way the modelling method balances the entry and exit costs.

Those entry points furthest from demand also see an increase in their Entry Capacity reserve price due to the updated expansion constant.

A more detailed description of the changes will be available on our website¹. A copy of National Grid's Transportation model will be sent out to parties that have signed the licence agreement. Details of how to obtain the model and other supporting charge setting information can also be found on our website in the same area.

Further updates to Capacity and Commodity charges

National Grid is also preparing to publish updates to Commodity charges for 2017/18 and Capacity prices for future auctions. The notice of actual Commodity charges that shall apply from 1 October 2017 will be published by 1 August 2017, in line with the two months' notice required by our licence and Uniform Network Code obligations. Entry Capacity reserve prices for future gas years used in the Annual Monthly System Entry Capacity (AMSEC) and Quarterly System Entry Capacity (QSEC) auctions will be published by 1 August 2017 and in January 2018, respectively.

If you have any questions relating to this notice, or NTS charges in general, please contact myself or Karin Elmhirst on 01962 655540.

Yours sincerely,

Jenny Phillips

Gas Capacity & Charging Development Manager

¹ <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Tools-and-Models/>

Entry Capacity Reserve Prices for Capacity for use from 1 October 2017

MSEC Reserve Prices, Pence per kWh per day

Entry Point	from 1 Oct 16 to 30 Sep 17	from 1 Oct 17 to 30 Sep 18	Change
Coastal Terminals & LNG Importation			
Bacton UKCS	0.0103	0.0109	0.0006
Barrow	0.0045	0.0014	-0.0031
Easington&Rough	0.0134	0.0140	0.0006
Isle of Grain	0.0090	0.0094	0.0004
Milford Haven	0.0223	0.0228	0.0005
St Fergus	0.0490	0.0488	-0.0002
Teesside	0.0107	0.0110	0.0003
Theddlethorpe	0.0135	0.0142	0.0007
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0000
Hatfield Moor	0.0050	0.0053	0.0003
Hole House Farm	0.0001	0.0001	0.0000
Wytch Farm	0.0001	0.0001	0.0000
Storage			
Barton Stacey	0.0001	0.0001	0.0000
Canonbie	0.0047	0.0041	-0.0006
Caythorpe	0.0127	0.0135	0.0008
Cheshire	0.0001	0.0001	0.0000
Dynevor Arms	0.0001	0.0001	0.0000
Fleetwood	0.0011	0.0010	-0.0001
Garton	0.0138	0.0159	0.0021
Glenmavis	0.0142	0.0148	0.0006
Hatfield Moor	0.0050	0.0053	0.0003
Hornsea	0.0138	0.0126	-0.0012
Partington	0.0001	0.0001	0.0000
Constrained LNG			
Avonmouth	0.0001	0.0001	0.0000

**Entry Capacity Reserve Prices, Interconnection Points (IPs) for the Rolling
Monthly auctions, Pence per kWh per day**

EU Interconnector Points (IPs)	from 1 Oct 16 to 30 Sep 17	from 1 Oct 17 to 30 Sep 18	Change
Bacton IP	0.0103	0.0109	0.0006
Moffat (Irish Interconnector)	0.0083	0.0077	-0.0006

For the Ascending Clock Auctions, the NTS Large Price Steps shall be the greater of 5% of the reserve price or 0.0001p/kWh/day. A Small Price Step will be one fifth of the Large Price Step.

DSEC Reserve Prices, Pence per kWh per day

Entry Point	DSEC		
	from 1 Oct 16 to 30 Sep 17	from 1 Oct 17 to 30 Sep 18	Change
Coastal Terminals & LNG Importation			
Bacton UKCS	0.0069	0.0073	0.0004
Barrow	0.0030	0.0009	-0.0021
Easington&Rough	0.0089	0.0093	0.0004
Isle of Grain	0.0060	0.0063	0.0003
Milford Haven	0.0149	0.0152	0.0003
St Fergus	0.0327	0.0325	-0.0002
Teesside	0.0071	0.0073	0.0002
Theddlethorpe	0.0090	0.0095	0.0005
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0000
Hatfield Moor	0.0033	0.0035	0.0002
Hole House Farm	0.0001	0.0001	0.0000
Wytch Farm	0.0001	0.0001	0.0000
Storage			
Barton Stacey	0.0001	0.0001	0.0000
Canonbie	0.0031	0.0027	-0.0004
Caythorpe	0.0085	0.0090	0.0005
Cheshire	0.0001	0.0001	0.0000
Dynevor Arms	0.0001	0.0001	0.0000
Fleetwood	0.0007	0.0007	0.0000
Garton	0.0092	0.0106	0.0014
Glenmavis	0.0095	0.0099	0.0004
Hatfield Moor	0.0033	0.0035	0.0002
Hornsea	0.0092	0.0084	-0.0008
Partington	0.0001	0.0001	0.0000
Constrained LNG			
Avonmouth	0.0001	0.0001	0.0000

Entry Capacity Reserve Prices, Interconnection Points (IPs) for the Rolling Day
Ahead auctions, Pence per kWh per day

EU Interconnector Points (IPs)	from 1 Oct 16 to 30 Sep 17	from 1 Oct 17 to 30 Sep 18	Change
Bacton IP	0.0069	0.0073	0.0004
Moffat (Irish Interconnector)	0.0055	0.0051	-0.0004