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Dear Chris,

## Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices

Under the changes introduced under Capacity Allocation Mechanism (CAM) effective from 1 November 2015, Interconnection Points (IPs) have different capacity auction products, structures and timings.

Reserve prices for the Annual Quarterly Auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies<sup>1</sup>, Section B of the European Interconnection Document (EID) – Capacity<sup>2</sup> and the Entry Capacity Release (ECR) Methodology Statement<sup>3</sup>.

The first Annual Quarterly Auctions for Entry and Exit Capacity for Interconnection Points (IPs) will be held in June 2016 for capacity from 1 October 2016 to 30 September 2017.

National Grid is publishing this Notice of NTS transportation charges at least one month in advance of the Annual Quarterly Auctions, consistent with our Licence obligations.

Entry reserve prices at IPs and final Exit reserve prices at IPs are set using a Transportation Model which includes:

- The supply and demand forecast for 2016/17<sup>4</sup> taken from the 2015 Gas Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2016/17.
- The latest expansion constant for the investment costs.

The reserve prices for the Entry Annual Quarterly IP Auction are detailed in Table 1.

The final Exit prices for capacity from 1 October 2016 are detailed in Table 2<sup>5</sup>.

Details of the prices can also be found in Appendix IV of the Indicative Notice of Gas Transmission Transportation Charges effective from 1 October 2016<sup>6</sup>.

<sup>1</sup> [http://www.gasgovernance.co.uk/sites/default/files/TPD%20Section%20Y%20-%20Charging%20Methodologies\\_18.pdf](http://www.gasgovernance.co.uk/sites/default/files/TPD%20Section%20Y%20-%20Charging%20Methodologies_18.pdf)

<sup>2</sup> [http://www.gasgovernance.co.uk/sites/default/files/EID%20Section%20B%20-%20Capacity\\_1.pdf](http://www.gasgovernance.co.uk/sites/default/files/EID%20Section%20B%20-%20Capacity_1.pdf)

<sup>3</sup> <http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Entry-Capacity-Release-Methodology-Statement/>

<sup>4</sup> Different years are modelled for the reserve prices for the Annual Quarterly Auction compared to the QSEC Auction, hence the prices may be different.

<sup>5</sup> These prices are applicable for Exit Annual Yearly IP Capacity Auctions, Exit Annual Quarterly IP Capacity Auctions, Exit Rolling Monthly IP Capacity Auctions, Exit Rolling Day Ahead IP Capacity Auctions and Within Day IP Capacity Auctions for Capacity from 1 October 2016.

<sup>6</sup> <http://www.gasgovernance.co.uk/ntscharges/2016>

NTS large price steps for an Auction (Annual Quarterly IP (Entry and Exit)) will be the greater of 5% of the applicable reserve price and 0.0001 p/kWh/day.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact Laura Johnson on 01926 656160 or email at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

Yours sincerely

Steve Fisher  
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Table 1 – Entry Reserve Price for Interconnection Points for Annual Quarterly Auctions

<b>EU Interconnector Points (IPs)</b>	<b>from 1 Oct 16 Pence per kWh per day</b>
Bacton IP	<b>0.0106</b>

Table 2 – Exit Reserve Price<sup>7</sup> for Interconnection Points for Annual Quarterly Auctions

<b>Offtake Point</b>	<b>Type of Offtake</b>	<b>from 1 Oct 16 Pence per kWh per day</b>
Bacton IUK	INTERCONNECTOR	<b>0.0010</b>
Bacton BBL	INTERCONNECTOR	<b>0.0010</b>
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	<b>0.0038</b>

<sup>7</sup> <http://www.gasgovernance.co.uk/ntscharges/2016>