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Dear Stuart,

Indicative Notice of Revised Gas NTS Charges to apply from 1 October 2010 – Exit Capacity Charges

This notice is issued in line with National Grid's Gas Transporters Licence in respect of the NTS ("the Licence"). The Licence requires National Grid to provide at least 150 days indicative notice of potential changes to its gas transportation charges that will apply from 1st October 2010. **This notice relates to TO Exit Capacity charges for 2010/11.**

This notice has been published earlier than usual as we now have most of the relevant information required to produce the prices. Some significant changes have occurred and, following previous discussions with the industry, we have decided to publish the indicative charges in order to give as much notice as possible.

The notice of the actual charges that shall apply from 1st October 2010 will be published by 1st August 2010, in line with the two months notice required by our licence and Network Code obligations.

The following are our current central forecasts for NTS TO exit capacity charges to apply from 1st October 2010.

The indicative changes to NTS TO exit capacity charges along with the current, absolute and percentage change, are in the attached table at the end of this notice.

The charges have been derived from our Transportation Model. This model has been updated to reflect changes in the pipeline network, supply patterns, the expansion constant and target revenue all of which will affect exit charges. However, the following points should be noted:

- Network changes have had a negligible impact on charges.
- An increase in the expansion factor, to reflect a rise in the cost of investment, has effectively "stretched" the network thus increasing the range of exit charges. We expect revision in the forecast of the expansion constant before final charges are set, but envisage a minor effect of the charges.
- A small increase in target exit revenue compared to 2009/10 has increased all exit charges up to 0.0002 p/kWh/pd, subject to rounding and the minimum price collar.
- Modelled gas flows have been affected by a change in forecasts of supply sources as shown in the latest Ten Year Statement (December 2009). There has been a forecast increase in supplies from the north (in particular St. Fergus) and a reduction from Milford Haven.

Consequently, exit points in the northern and north western areas have seen decreases in their indicative charges whereas charges in the southern Wales area have risen.

These changes will be discussed in more detail at the April Gas Transmission Charging Methodology Forum (TCMF) and the slides for this will be available on our web site prior to the meeting at <http://www.nationalgrid.com/uk/Gas/Charges/TCMF/>

Shippers should be aware that further demand data will become available during May and this data will have an effect on the final exit capacity charges which will be published by 1 August 2010. Should there be a marked change, compared to the enclosed indicative charges, we will publish an update to this notice around the end of May.

National Grid anticipates making the Transportation Model available to parties that have signed the licence agreement for the model. Details of how to obtain the model can be found on the charging section of our website¹.

For the avoidance of doubt, indicative changes in commodity charges will be published at the beginning of May.

Other supporting charge setting information will also be available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>.

Shippers should also be aware that a **Notice of Indicative NTS Exit Capacity Charges for 2013/14** ahead of the 2010 Application window for Enduring Annual NTS Exit (Flat) Capacity will be published on 1 May 2010 as part of the new NTS Exit Capacity processes.

If you have any questions about this Notice, or NTS charges in general, please contact myself or the Charging and Revenue Team on 01926-654633.

Adam Brown
Revenue Manager

¹ <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>

Indicative NTS TO Exit Capacity Charges from 1 October 2010 to 30 September 2011

| | |
|----------------|----------------------|
| Invoice | Charge Codes |
| CAP | NDX (DM) / NNX (NDM) |

Pence per peak day kWh per day

| Network | DN Exit Zone | Current | Indicative from 1 October 2010 | Change | % Change |
|-----------------------------|--------------|---------|-----------------------------------|---------|----------|
| East of England | EA1 | 0.0054 | 0.0057 | 0.0003 | 5.6% |
| | EA2 | 0.0061 | 0.0065 | 0.0004 | 6.6% |
| | EA3 | 0.0013 | 0.0014 | 0.0001 | 7.7% |
| | EA4 | 0.0114 | 0.0115 | 0.0001 | 0.9% |
| | EM1 | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| | EM2 | 0.0044 | 0.0045 | 0.0001 | 2.3% |
| | EM3 | 0.0148 | 0.0155 | 0.0007 | 4.7% |
| | EM4 | 0.0103 | 0.0108 | 0.0005 | 4.9% |
| North of England | NE1 | 0.0057 | 0.0059 | 0.0002 | 3.5% |
| | NE2 | 0.0010 | 0.0011 | 0.0001 | 10.0% |
| | NE3 | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| | NO1 | 0.0046 | 0.0004 | -0.0042 | -91.3% |
| | NO2 | 0.0054 | 0.0003 | -0.0051 | -94.4% |
| London | NT1 | 0.0201 | 0.0210 | 0.0009 | 4.5% |
| | NT2 | 0.0119 | 0.0124 | 0.0005 | 4.2% |
| | NT3 | 0.0114 | 0.0119 | 0.0005 | 4.4% |
| North West | NW1 | 0.0158 | 0.0103 | -0.0055 | -34.8% |
| | NW2 | 0.0202 | 0.0150 | -0.0052 | -25.7% |
| Scotland | SC1 | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| | SC2 | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| | SC4 | 0.0002 | 0.0001 | -0.0001 | -50.0% |
| South of England | SE1 | 0.0144 | 0.0149 | 0.0005 | 3.5% |
| | SE2 | 0.0201 | 0.0210 | 0.0009 | 4.5% |
| | SO1 | 0.0148 | 0.0155 | 0.0007 | 4.7% |
| | SO2 | 0.0230 | 0.0239 | 0.0009 | 3.9% |
| Wales & the West | SW1 | 0.0158 | 0.0189 | 0.0031 | 19.6% |
| | SW2 | 0.0235 | 0.0246 | 0.0011 | 4.7% |
| | SW3 | 0.0341 | 0.0355 | 0.0014 | 4.1% |
| | WA1 | 0.0229 | 0.0197 | -0.0032 | -14.0% |
| | WA2 | 0.0090 | 0.0236 | 0.0146 | 162.2% |
| West Midlands | WM1 | 0.0187 | 0.0181 | -0.0006 | -3.2% |
| | WM2 | 0.0154 | 0.0161 | 0.0007 | 4.5% |
| | WM3 | 0.0139 | 0.0154 | 0.0015 | 10.8% |

Indicative NTS TO Exit Capacity Charges (continued)

| | |
|---------|-------------|
| Invoice | Charge Code |
| CAP | NDX (DM) |

| NTS Sites | Site Name as NTS Licence Special Condition C8E | Current | Indicative from 1 October 2010 | Change | % Change |
|------------------------|--|---------|--------------------------------|---------|----------|
| Baglan Bay PG | Tonna (Baglan Bay) | 0.0068 | 0.0212 | 0.0144 | 211.8% |
| Barking PG | Barking (Horndon) | 0.0117 | 0.0122 | 0.0005 | 4.3% |
| Billingham ICI | Billingham ICI (Terra Billingham) | 0.0060 | 0.0001 | -0.0059 | -98.3% |
| BP Grangemouth | Blackness (BP Grangemouth) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| BP Saltend HP | Saltend BPHP (BP Saltend HP) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Bridgewater Paper | Shotwick (Bridgewater Paper) | 0.0227 | 0.0175 | -0.0052 | -22.9% |
| Brigg PG | Blyborough (Brigg) | 0.0032 | 0.0033 | 0.0001 | 3.1% |
| Brimsgate PG | Epping Green (Enfield Energy, aka Brimsgate) | 0.0131 | 0.0127 | -0.0004 | -3.1% |
| Brunner Mond | Pickmere (Winnington Power, aka Brunner Mond) | 0.0200 | 0.0147 | -0.0053 | -26.5% |
| Centrax | Centrax Industrial | 0.0333 | 0.0349 | 0.0016 | 4.8% |
| Connahs Quay PS | Burton Point (Connahs Quay) | 0.0224 | 0.0172 | -0.0052 | -23.2% |
| Corby PS | Caldecott (Corby Power Station) | 0.0101 | 0.0106 | 0.0005 | 5.0% |
| Coryton PG | Stanford Le Hope (Coryton) | 0.0120 | 0.0125 | 0.0005 | 4.2% |
| Cottam PG | Blyborough (Cottam) | 0.0042 | 0.0043 | 0.0001 | 2.4% |
| Damhead Creek | Middle Stoke (Damhead Creek, aka Kingsnorth PS) | 0.0112 | 0.0117 | 0.0005 | 4.5% |
| Deeside PS | Deeside | 0.0227 | 0.0175 | -0.0052 | -22.9% |
| Didcot A | Didcot A | 0.0183 | 0.0191 | 0.0008 | 4.4% |
| Didcot PS | Didcot B | 0.0183 | 0.0192 | 0.0009 | 4.9% |
| Goole Glass | Goole (Guardian Glass) | 0.0029 | 0.0030 | 0.0001 | 3.4% |
| Grain Gas | Grain Power Station | 0.0112 | 0.0117 | 0.0005 | 4.5% |
| Great Yarmouth | Bacton (Great Yarmouth) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Hays Chemicals | Hollingsgreen (Hays Chemicals) | 0.0211 | 0.0159 | -0.0052 | -24.6% |
| ICI Runcorn | Weston Point (Castner Kelner, aka ICI Runcorn) | 0.0245 | 0.0194 | -0.0051 | -20.8% |
| Immingham PG | Thornton Curtis (Humber Refinery, aka Immingham) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Keadby PS | Eastoft (Keadby and Keadby Blackstart) | 0.0040 | 0.0041 | 0.0001 | 2.5% |
| Kemira Ince | Shellstar (aka Kemira, not Kemira CHP) | 0.0241 | 0.0190 | -0.0051 | -21.2% |
| Kings Lynn PS | Saddle Bow (Kings Lynn) | 0.0045 | 0.0047 | 0.0002 | 4.4% |
| Langage PG | Langage Power Station | 0.0362 | 0.0379 | 0.0017 | 4.7% |
| Little Barford PS | St. Neots (Little Barford) | 0.0110 | 0.0115 | 0.0005 | 4.5% |
| Longannet | Gowkhall (Longannet) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Marchwood | Marchwood Power Station | 0.0238 | 0.0249 | 0.0011 | 4.6% |
| Medway PS | Medway (aka Isle of Grain PS, NOT Grain Power) | 0.0111 | 0.0116 | 0.0005 | 4.5% |
| Milford Haven Refinery | Upper Neeston (Milford Haven Refinery) | 0.0001 | 0.0121 | 0.0120 | 12000.0% |
| Peterborough PS | Peterborough (Peterborough Power Station) | 0.0065 | 0.0068 | 0.0003 | 4.6% |
| Peterhead PG | St. Fergus (Peterhead) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Phillips Seal Sands | Phillips Petroleum, Teesside | 0.0054 | 0.0001 | -0.0053 | -98.1% |
| Rocksavage PG | Weston Point (Rocksavage) | 0.0245 | 0.0194 | -0.0051 | -20.8% |
| Roosecote PS | Roosecote (Roosecote Power Station) | 0.0073 | 0.0014 | -0.0059 | -80.8% |
| Rye House PS | Ryehouse | 0.0136 | 0.0132 | -0.0004 | -2.9% |
| St. Fergus | | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Saltend | Rosehill (Saltend Power Station) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Sappi Paper Mill | Sandy Lane (Blackburn CHP, aka Sappi Paper Mill) | 0.0156 | 0.0101 | -0.0055 | -35.3% |
| Seabank Power | Abson (Seabank Power Station phase I) | 0.0224 | 0.0235 | 0.0011 | 4.9% |
| Seabank Power II | Seabank (Seabank Power Station phase II) | 0.0242 | 0.0253 | 0.0011 | 4.5% |
| Sellafield PS | Sellafield Power Station | 0.0114 | 0.0057 | -0.0057 | -50.0% |
| Shotton Paper | Harwarden (Shotton, aka Shotton Paper) | 0.0224 | 0.0172 | -0.0052 | -23.2% |
| Spalding PG | Wragg Marsh (Spalding) | 0.0056 | 0.0058 | 0.0002 | 3.6% |
| Stallingborough PS | Stallingborough (phase 1 and 2) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Staythorpe | Staythorpe PH1 and PH2 | 0.0071 | 0.0074 | 0.0003 | 4.2% |
| Sutton Bridge PS | Sutton Bridge Power Station | 0.0058 | 0.0061 | 0.0003 | 5.2% |
| Teesside BASF | Teesside (BASF, aka BASF Teesside) | 0.0054 | 0.0001 | -0.0053 | -98.1% |
| Teesside Hydrogen | Teesside Hydrogen | 0.0054 | 0.0001 | -0.0053 | -98.1% |
| Teesside PS | Enron Billingham | 0.0061 | 0.0001 | -0.0060 | -98.4% |
| Thornton Curtis PG | Thornton Curtis (Killingholme) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Zeneca | Zeneca (ICI Avecia, aka 'Zenica') | 0.0060 | 0.0001 | -0.0059 | -98.3% |

| | |
|----------------|--------------------|
| Invoice | Charge Code |
| CAP | NDX (DM) |

Pence per peak day kWh per day

| Interconnectors | Site Name as NTS Licence Special Condition C8E | Current | Indicative from 1 October 2010 | Change | % Change |
|------------------------------|---|----------------|---|---------------|---------------------|
| Bacton Interconnector | Bacton (IUK) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Moffat | Moffat (Irish Interconnector) | 0.0006 | 0.0001 | -0.0005 | -83.3% |

| Storage Sites | | | | | |
|-----------------------------|---|--------|--------|---------|--------|
| Avonmouth LNG | Avonmouth Max Refill | 0.0242 | 0.0253 | 0.0011 | 4.5% |
| Barton Stacey | Barton Stacey Max Refill (Humbly Grove) | 0.0221 | 0.0231 | 0.0010 | 4.5% |
| Caythorpe | Caythorpe | 0.0008 | 0.0008 | 0.0000 | 0.0% |
| Cheshire (MRS) | Cheshire | 0.0207 | 0.0154 | -0.0053 | -25.6% |
| Dynevor Arms LNG | Dynevor Max Refill | 0.0085 | 0.0230 | 0.0145 | 170.6% |
| Fleetwood | | 0.0145 | 0.0090 | -0.0055 | -37.9% |
| Garton (MRS) | Garton Max Refill (Aldbrough) | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Glenmavis | Glenmavis Max Refill | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Hatfield Moor (MRS) | Hatfield Moor Max Refill | 0.0036 | 0.0037 | 0.0001 | 2.8% |
| Holehouse Farm (MRS) | Hole House Max Refill | 0.0214 | 0.0162 | -0.0052 | -24.3% |
| Hornsea (MRS) | Hornsea Max Refill | 0.0001 | 0.0001 | 0.0000 | 0.0% |
| Partington | Partington Max Refill | 0.0194 | 0.0141 | -0.0053 | -27.3% |
| Rough | Rough Max Refill | 0.0001 | 0.0001 | 0.0000 | 0.0% |

Note: Site/Offtake names, as given in the Licence, have been added to the table for reference and clarification.