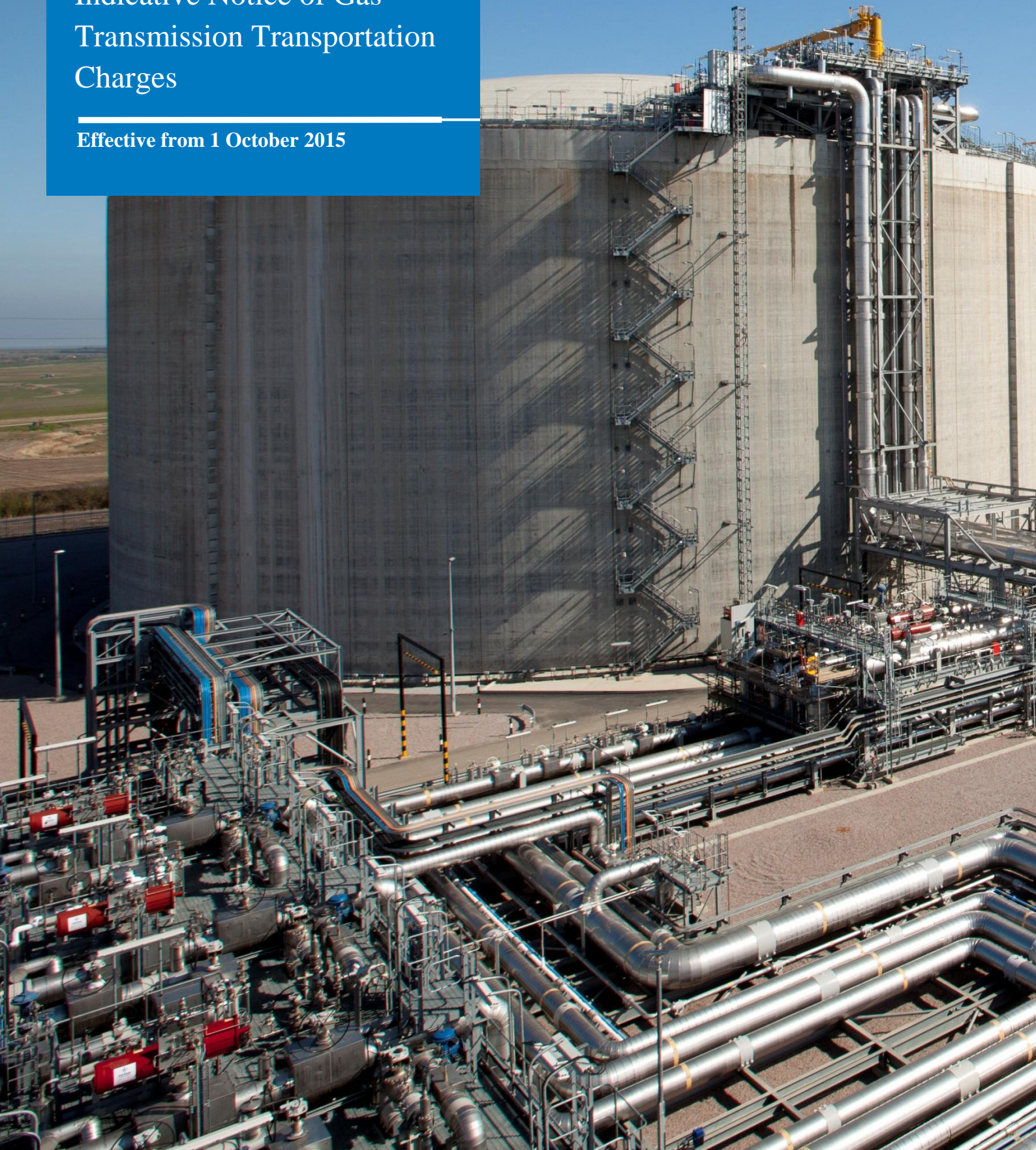


# Indicative Notice of Gas Transmission Transportation Charges

Effective from 1 October 2015



# Introduction

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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 notice of changes to its gas transportation charges (the 'indicative' notice). This notice is issued with respect to changes that will apply from 1 October 2015. Notice of the actual charges will be published by 1 August 2015, to provide the two months notice required by the Licence and Network Code.

This notice is split into four parts:

- **TO Charges**
  - TO Entry and Exit Commodity
- **SO Charges**
  - SO Entry and Exit Commodity
  - St Fergus Compression
- **Tools and Supporting Information**
- **Appendices**

## **Basis of preparing indicative charges**

National Grid sets its charges to recover the allowed revenues in accordance with the price control allowances set by Ofgem. The current price control RIIO-T1 applies from 1 April 2013.

Since setting the charges in April 2015, there has been a change in our forecasts of the SO allowed revenue. An explanation is provided on page 5 and a summary of the allowed revenues is given in Appendix I.

National Grid expects to complete its assessment of the allowed revenue for 2014/15 as part of the annual regulatory reporting process that completes in July 2015. At this point the TO and SO revenue corrections for 2014/15 will be known and whether or not an under or over-recovery has occurred. Under the RIIO-T1 Price Control the corrections will be carried forward into charges to be calculated for 2016/17.

## **Charging Base**

The charging bases continue to be based on the Gone Green scenario from the May 2014 Supply and Demand Statements. However, we are expecting demand to continue to reduce and so have made a further demand reduction of approximately 2% compared to the April 2015 charge setting process.

Adjustments have been made to take into account an increase in Entry and Exit flows that attract the Optional Commodity (shorthaul) charges, which decreases the volumes that attract the NTS TO and SO commodity rates.

For a set target revenue recovery charges are raised with a lower charging base. The assumptions around volumes will be revisited before confirming final charges at the end of July 2015.

# TO Charges

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## TO Allowed Revenues

The TO allowed revenue (which is shared 50:50 between Entry and Exit activities) remains at the same level used to calculate TO charges for the April 2015 charge setting (£749m).

## NTS TO Entry Commodity Charge

The NTS TO Entry Commodity charge levied on Entry flows is estimated to increase to **0.0486** p/kWh from its current rate of 0.0451 p/kWh and the average rate of 0.0382 p/kWh for 2014/15, representing an increase of 8% and 24% respectively. We are seeking to recover around £278m from the TO Entry Commodity charge which is an increase of £4m on our view at the April 2015 charge setting which has been caused by less auction income from the AMSEC auction held in February than was forecast. The forecast reduction in E

ntry flows has also caused this charge to increase.

There are a number of uncertainties that are inherent within the calculation of this charge: the income from NTS Entry Capacity auctions held during the year and Entry volumes. Taking these factors into account, we estimate the range on the indicative charges is +/- 10%.

## NTS TO Exit Capacity Charges

NTS TO Exit Capacity charges, effective from 1 October 2015, have been published in a **separate notice** on 1 May 2015<sup>1</sup> and are also available in Appendix II.

## NTS TO Exit Commodity Charge

The TO Exit Commodity charge is a residual charge to enable National Grid to collect the correct TO Exit income from Exit shippers when Exit Capacity has not been booked up to the Baseline.

Taking into account the updated Exit Capacity charges and expected Capacity bookings, the indicative TO Exit Commodity rate is **0.0199** p/kWh, an increase on the current rate of 0.0198 p/kWh.

There are a number of uncertainties around the calculation of this charge which include the forecast Exit Capacity bookings, including any Exit Capacity reduction applications, and the charging base.

A summary of TO Commodity charges can be found in Appendix III.

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<sup>1</sup> Please note that the October 2015 charges (along with 2016/17 to 2018/19 indicative charges) were also published on 1 May 2015 for the user commitment in the 2015 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/> 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2015 and Indicative NTS Exit (Flat) Capacity Charges for the 2015 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

# SO Charges

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## SO Allowed Revenues

The SO allowed revenue is expected to decrease by £17m to £271m, compared to when charges were set for April 2015, principally to reflect a forecast reduction in our shrinkage costs.

## NTS SO Commodity Charges

The indicative level of the NTS SO Commodity charge, as applied to both Entry and Exit flows, is **0.0154** p/kWh compared to the current rate of 0.0169 p/kWh and an average rate for 2014/15 of 0.0195 p/kWh. Revenue from other sources has decreased by £1m therefore the amount to collect through SO Commodity charges has decreased by £16m. The lower volumes forecasted, has offset some of the decrease in the charge from the reduction in SO allowed revenue described above.

Forecast volumes and external costs such as shrinkage, in particular unforeseen changes in gas costs and/or UAG volumes, are the key variables in calculating this charge. We believe that the potential variation in our estimate of the SO commodity charge is in the region of +/-10%.

## Other Charges

The **Compression Charge** levied at the Total Oil Marine sub-terminal at St. Fergus is expected to increase from its current level of 0.0175 p/kWh to **0.0176** p/kWh. A small fall in forecast costs and a small decrease in the expected flows through the Total Oil Marine (TOM) sub-terminal have left this charge at much the same level. We estimate the range on this charge to be +/- 15%.

A summary of the SO charges can be found in Appendix III.

# Supporting Information

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## Supporting Information

Guidance and detailed supporting charge setting information will be made available on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>. This includes:

- detailed information about the components of the TO and SO allowed revenues;
- how they have changed since April's charges were set; and
- how this information in conjunction with the charging base is used to calculate charges.

National Grid will be making the Transportation Model available to parties that have signed the licence agreement for the model. Details of how to obtain the model can also be found at the link above.

There will be an opportunity to discuss these changes at a subsequent NTS Charging Methodology Forum (NTSCMF), details of which can be found at <http://www.gasgovernance.co.uk/ntscmf>.

## Getting in touch

If you have any questions or feedback about this document, or NTS charges in general, please contact Karin Elmhirst (01926 655540) or Colin Williams (01926 655916) or email the charging team at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

For an overview of our commitment to customers, please see:

<http://www.nationalgrid.com/uk/EnergyandServices/TransmissionCustomerCommitment/>

# Appendices

## Appendix I

**Table 1 Forecast Allowed Revenues for Financial year 2015/16**

	<b>2015/16 at April 2015 (Final)</b>	<b>2015/16 at October 2015 (Indicative)</b>	<b>Change</b>
<b>TO Maximum Allowed Revenue</b>	£749m	£749m	-
<b>SO Maximum Allowed Revenue</b>	£288m	£271m	-£17m
<b>Revenues to be collected from:</b>			
<b>NTS TO Entry Commodity</b>	£274m	£278m	£4m
<b>NTS TO Exit Commodity</b>	£118m	£118m	-
<b>NTS SO Commodity</b>	£203m	£187m	-£16m

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## Appendix II

Table 2 shows NTS Exit Capacity charges effective from 1 October 2015.<sup>2</sup>

**Table 2 Exit Capacity Charges**

Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Bacton	GDN (EA)	0.0001
Brisley	GDN (EA)	0.0003
Cambridge	GDN (EA)	0.0074
Great Wilbraham	GDN (EA)	0.0063
Matching Green	GDN (EA)	0.0109
Peterborough Eye (Tee)	GDN (EA)	0.0063
Roudham Heath	GDN (EA)	0.0021
Royston	GDN (EA)	0.0084
Whitwell	GDN (EA)	0.0106
West Winch	GDN (EA)	0.0030
Yelverton	GDN (EA)	0.0001
Alrewas (EM)	GDN (EM)	0.0159
Blaby	GDN (EM)	0.0120
Blyborough	GDN (EM)	0.0029
Caldecott	GDN (EM)	0.0093
Thornton Curtis (DN)	GDN (EM)	0.0001
Drointon	GDN (EM)	0.0172
Gosberton	GDN (EM)	0.0041
Kirkstead	GDN (EM)	0.0018

<sup>2</sup> Please note that the October 2015 charges (along with 2016/17 to 2018/19 indicative charges) were also published on 1 May 2015 for the user commitment in the 2015 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/> 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2015 and Indicative NTS Exit (Flat) Capacity Charges for the 2015 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Market Harborough	GDN (EM)	0.0106
Silk Willoughby	GDN (EM)	0.0032
Sutton Bridge	GDN (EM)	0.0050
Tur Langton	GDN (EM)	0.0108
Walesby	GDN (EM)	0.0001
Asselby	GDN (NE)	0.0009
Baldersby	GDN (NE)	0.0025
Burley Bank	GDN (NE)	0.0048
Ganstead	GDN (NE)	0.0001
Pannal	GDN (NE)	0.0053
Paull	GDN (NE)	0.0001
Pickering	GDN (NE)	0.0021
Rawcliffe	GDN (NE)	0.0011
Towton	GDN (NE)	0.0033
Bishop Auckland	GDN (NO)	0.0003
Coldstream	GDN (NO)	0.0001
Corbridge	GDN (NO)	0.0010
Cowpen Bewley	GDN (NO)	0.0001
Elton	GDN (NO)	0.0001
Guyzance	GDN (NO)	0.0001
Humbleton	GDN (NO)	0.0001
Keld	GDN (NO)	0.0085
Little Burdon	GDN (NO)	0.0001
Melkinton	GDN (NO)	0.0077
Saltwick Pressure Controlled	GDN (NO)	0.0001
Saltwick Volumetric Controlled	GDN (NO)	0.0001
Thrintoft	GDN (NO)	0.0018
Towlaw	GDN (NO)	0.0025



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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Wetheral	GDN (NO)	0.0048
Horndon	GDN (NT)	0.0089
Luxborough Lane	GDN (NT)	0.0117
Peters Green	GDN (NT)	0.0110
Peters Green South Mimms	GDN (NT)	0.0110
Winkfield (NT)	GDN (NT)	0.0208
Audley (NW)	GDN (NW)	0.0211
Blackrod	GDN (NW)	0.0179
Ecclestone	GDN (NW)	0.0248
Holmes Chapel	GDN (NW)	0.0225
Lupton	GDN (NW)	0.0114
Malpas	GDN (NW)	0.0233
Mickle Trafford	GDN (NW)	0.0246
Partington	GDN (NW)	0.0211
Samlesbury	GDN (NW)	0.0163
Warburton	GDN (NW)	0.0208
Weston Point	GDN (NW)	0.0257
Aberdeen	GDN (SC)	0.0001
Armadale	GDN (SC)	0.0001
Balgray	GDN (SC)	0.0001
Bathgate	GDN (SC)	0.0001
Burnervie	GDN (SC)	0.0001
Broxburn	GDN (SC)	0.0001
Careston	GDN (SC)	0.0001
Drum	GDN (SC)	0.0001
St Fergus	GDN (SC)	0.0001
Glenmavis	GDN (SC)	0.0001
Hume	GDN (SC)	0.0001

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Kinknockie	GDN (SC)	0.0001
Langholm	GDN (SC)	0.0021
Lauderhill	GDN (SC)	0.0001
Lockerbie	GDN (SC)	0.0011
Netherhowcleugh	GDN (SC)	0.0001
Pitcairngreen	GDN (SC)	0.0001
Soutra	GDN (SC)	0.0001
Stranraer	GDN (SC)	0.0001
Farningham	GDN (SE)	0.0090
Farningham B	GDN (SE)	0.0090
Shorne	GDN (SE)	0.0079
Tatsfield	GDN (SE)	0.0110
Winkfield (SE)	GDN (SE)	0.0208
Braishfield A	GDN (SO)	0.0248
Braishfield B	GDN (SO)	0.0248
Crawley Down	GDN (SO)	0.0233
Hardwick	GDN (SO)	0.0149
Ipsden	GDN (SO)	0.0185
Ipsden 2	GDN (SO)	0.0185
Mappowder	GDN (SO)	0.0206
Winkfield (SO)	GDN (SO)	0.0208
Aylesbeare	GDN (SW)	0.0230
Cirencester	GDN (SW)	0.0111
Coffinswell	GDN (SW)	0.0260
Easton Grey	GDN (SW)	0.0117
Evesham	GDN (SW)	0.0078
Fiddington	GDN (SW)	0.0064
Ilchester	GDN (SW)	0.0182

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Kenn	GDN (SW)	0.0242
Littleton Drew	GDN (SW)	0.0126
Lyneham (Choakford)	GDN (SW)	0.0291
Pucklechurch	GDN (SW)	0.0135
Ross (SW)	GDN (SW)	0.0032
Seabank (DN)	GDN (SW)	0.0157
Alrewas (WM)	GDN (WM)	0.0159
Aspley	GDN (WM)	0.0193
Audley (WM)	GDN (WM)	0.0211
Austrey	GDN (WM)	0.0152
Leamington	GDN (WM)	0.0107
Lower Quinton	GDN (WM)	0.0090
Milwich	GDN (WM)	0.0179
Ross (WM)	GDN (WM)	0.0032
Rugby	GDN (WM)	0.0119
Shustoke	GDN (WM)	0.0165
Stratford-upon-Avon	GDN (WM)	0.0092
Maelor	GDN (WN)	0.0242
Dowlais	GDN (WS)	0.0001
Dyffryn Clydach	GDN (WS)	0.0001
Gilwern	GDN (WS)	0.0001
Abson (Seabank Power Station phase I)	DC	0.0135
Apache	DC	0.0001
Bacton (Great Yarmouth)	DC	0.0001
Barking (Horndon)	DC	0.0089
Barrow (Black Start)	DC	0.0074
Billingham ICI (Terra Billingham)	DC	0.0001
Bishop Auckland (test facility)	DC	0.0003

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Blackbridge (Pembroke PS)	DC	0.0001
Blackness (BP Grangemouth)	DC	0.0001
Blyborough (Brigg)	DC	0.0040
Blyborough (Cottam)	DC	0.0029
Brine Field (Teesside) Power Station	DC	0.0001
Burton Point (Connahs Quay)	DC	0.0260
Caldecott (Corby Power Station)	DC	0.0097
Carrington (Partington) Power Station	DC	0.0211
Centrax Industrial	DC	0.0258
Cockenzie Power Station	DC	0.0001
Coryton 2 (Thames Haven) Power Station	DC	0.0086
Deeside	DC	0.0260
Didcot PS	DC	0.0188
Drakelow Power Station	DC	0.0154
Eastoft (Keadby Blackstart)	DC	0.0028
Eastoft (Keadby)	DC	0.0028
Enron Billingham	DC	0.0001
Epping Green (Enfield Energy, aka Brimsdown)	DC	0.0120
Ferny Knoll (AM Paper)	DC	0.0181
Glasgowforest	DC	0.0001
Goole (Guardian Glass)	DC	0.0015
Gowkhall (Longannet)	DC	0.0001
Grain Power Station	DC	0.0064
Harwarden (Shotton, aka Shotton Paper)	DC	0.0259
Hatfield Power Station	DC	0.0011
Hollingsgreen (Hays Chemicals)	DC	0.0224
Langage Power Station	DC	0.0291
Marchwood Power Station	DC	0.0250

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Medway (aka Isle of Grain Power Station, NOT Grain Power)	DC	0.0065
Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	DC	0.0064
Peterborough (Peterborough Power Station)	DC	0.0067
Phillips Petroleum, Teesside	DC	0.0001
Pickmere (Winnington Power, aka Brunner Mond)	DC	0.0217
Roosecote (Roosecote Power Station)	DC	0.0074
Rosehill (Saltend Power Station)	DC	0.0001
Ryehouse	DC	0.0125
Saddle Bow (Kings Lynn)	DC	0.0033
Saltend BPHP (BP Saltend HP)	DC	0.0001
Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	DC	0.0167
Seabank (Seabank Power Station phase II)	DC	0.0155
Seal Sands TGPP	DC	0.0001
Sellafield Power Station	DC	0.0120
Shellstar (aka Kemira, not Kemira CHP)	DC	0.0253
Shotwick (Bridgewater Paper)	DC	0.0256
Spalding 2 (South Holland) Power Station	DC	0.0045
St. Fergus (Peterhead)	DC	0.0001
St. Fergus (Shell Blackstart)	DC	0.0001
St. Neots (Little Barford)	DC	0.0106
Stallingborough (phase 1 and 2)	DC	0.0001
Stanford Le Hope (Coryton)	DC	0.0086
Staythorpe PH1 and PH2	DC	0.0062
Sutton Bridge Power Station	DC	0.0048
Teesside (BASF, aka BASF Teesside)	DC	0.0001
Teesside Hydrogen	DC	0.0001
Terra Nitrogen (aka ICI, Terra Severnside)	DC	0.0154

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Thornton Curtis (Humber Refinery, aka Immingham)	DC	0.0001
Thornton Curtis (Killingholme)	DC	0.0001
Tilbury Power Station	DC	0.0082
Tonna (Baglan Bay)	DC	0.0001
Trafford PS	DC	0.0211
Upper Neeston (Milford Haven Refinery)	DC	0.0001
West Burton PS	DC	0.0030
Weston Point (Castner Kelner, aka ICI Runcorn)	DC	0.0257
Weston Point (Rocksavage)	DC	0.0257
Willington Power Station	DC	0.0170
Wragg Marsh (Spalding)	DC	0.0045
Wyre Power Station	DC	0.0155
Zeneca (ICI Avecia, aka 'Zenica')	DC	0.0001
Bacton IUK	INTERCONNECTOR	0.0001
Bacton BBL	INTERCONNECTOR	0.0001
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	0.0001
Avonmouth Max Refill	STORAGE SITE	0.0155
Bacton (Baird)	STORAGE SITE	0.0001
Deborah Storage (Bacton)	STORAGE SITE	0.0001
Barrow (Bains)	STORAGE SITE	0.0074
Barrow (Gateway)	STORAGE SITE	0.0074
Barton Stacey Max Refill (Humbly Grove)	STORAGE SITE	0.0230
Caythorpe	STORAGE SITE	0.0001
Cheshire (Holford)	STORAGE SITE	0.0224
Dynevor Max Refill	STORAGE SITE	0.0001
Rough Max Refill	STORAGE SITE	0.0001
Garton Max Refill (Aldbrough)	STORAGE SITE	0.0001

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Offtake Point	Type of Offtake	2015/16 Final pence/kWh/day
Glenmavis Max Refill	STORAGE SITE	0.0001
Hatfield Moor Max Refill	STORAGE SITE	0.0020
Hole House Max Refill	STORAGE SITE	0.0223
Hornsea Max Refill	STORAGE SITE	0.0001
Partington Max Refill	STORAGE SITE	0.0211
Stublach (Cheshire)	STORAGE SITE	0.0224
Saltfleetby Storage (Theddlethorpe)	STORAGE SITE	0.0001
Hill Top Farm (Hole House Farm)	STORAGE SITE	0.0223

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## Appendix III

Table 3 summarises the indicative changes to the commodity charges being made in October 2015.

**Table 3 Summary of Commodity Charges**

NTS Charge	April 2015	Oct 15 Indicative	Change
TO Entry Commodity	0.0451	0.0486	0.0035
TO Exit Commodity	0.0198	0.0199	0.0001
SO Commodity (Entry & Exit)	0.0169	0.0154	-0.0015
St. Fergus Compression	0.0175	0.0176	0.0001



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## Appendix IV

**Table 4 NTS Exit Capacity charges relating to Interconnection Points (IPs)**

Subject to a decision from Ofgem with regards to the implementation of MOD500 – EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures, the following prices<sup>3</sup> given in Table 4 are applicable for the 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.

IP Exit Capacity Charge		
Offtake Point	Type of Offtake	2015/16 p/kWh/day
Bacton IUK	INTERCONNECTOR	0.0001
Bacton BBL	INTERCONNECTOR	0.0001
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	0.0001

For the Ascending Clock Auctions, the NTS Large Price Step 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.

<sup>3</sup> Earliest date for implementation is applicable for gas flow days from 1 November 2015 onwards