

Robert Hull
Director Transmission
Ofgem
9 Millbank
London
SW1P 3GE

Nigel Fox
Charging and Revenue Manager

nigel.fox@uk.ngrid.com
Direct tel +44 (0)1926 656823

www.nationalgrid.com

4 May 2007

Dear Robert

Indicative Notice of Revised Gas NTS Charges to apply from 1 October 2007

This notice is issued in line with the GT Licence requirement to provide 150 days notice of potential changes to NTS gas transportation charges. It provides indicative levels of the charges that will apply from 1st October 2007. The definitive notice of the charges that shall apply from 1st October 2007 will be published by 1st August 2007, in line with the two months notice required by our licence and Uniform Network Code (UNC) obligations.

The following are our current central forecasts for charges to apply from 1st October 2007.

- The **NTS TO Entry Commodity** charge levied on entry flows is estimated to be 0.0127 p/kWh from 1st October 2007. Our forecast of throughputs will be revised shortly as part of the Transporting Britain's Energy process; this will have an impact on the final charge. Uncertainties also lie around the forecasts of revenue from capacity auctions, including any new auctions that may be introduced to the UNC. We believe that the variation may be in the region of +/- 10%.
- The indicative changes to **NTS TO Exit Capacity** charges are as given in the attached table and are a result of the implementation of GCM01 Pricing Consultation which has updated the charging methodology with respect to setting NTS Entry and Exit Capacity charges. A copy of the consultation paper is available on National Grid's web site <http://www.nationalgrid.com/uk/gas/charges/> and Ofgem's decision letter is available on Ofgem's web site. The revised forecasts of throughputs will also have an effect on the final exit capacity charges for 1st October 2007.
- The indicative level of the **NTS SO Commodity** charge, as applied to both entry and exit flows, is 0.0115 p/kWh from 1st October 2007. This is a decrease of 15% that has been primarily caused by decreases in gas costs and reduced compressor fuel requirements due to expected changes in supply patterns. The biggest uncertainties around the level of the NTS SO Commodity charge remains with the cost of shrinkage and the capacity buy-back incentives. We are experiencing greater supply uncertainties as we become a net importer of gas and this may have implications on capacity buy-backs. We therefore believe the variation between these indicative and the final charges will be in the range of +/-15%.

- The **Compression** charge levied at the Total Oil Marine sub-terminal at St. Fergus will decrease to 0.0059 p/kWh. This change is due to revised forecasts in the cost of gas and volumes of throughput at the terminal and will be revised again prior to publishing final charges.
- **Other administration** charges (those for allocation of shared supply meter points and interconnector arrangements) are being reviewed but we do not expect large changes.

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

Nigel Fox
Charging and Revenue Manager
UK Transmission – Commercial
National Grid

Indicative NTS TO Exit Capacity Charges

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

Network	DN Exit Zone	Pence per peak day kWh per day
East of England	EA1	0.0070
	EA2	0.0090
	EA3	0.0046
	EA4	0.0143
	EM1	0.0001
	EM2	0.0033
	EM3	0.0123
	EM4	0.0088
North of England	NE1	0.0002
	NE2	0.0001
	NE3	0.0001
	NO1	0.0001
	NO2	0.0001
London	NT1	0.0186
	NT2	0.0143
	NT3	0.0137
North West	NW1	0.0033
	NW2	0.0080
Scotland	SC1	0.0001
	SC2	0.0001
	SC4	0.0001
South of England	SE1	0.0166
	SE2	0.0186
	SO1	0.0139
	SO2	0.0212
Wales & the West	SW1	0.0140
	SW2	0.0199
	SW3	0.0286
	WA1	0.0119
	WA2	0.0095
West Midlands	WM1	0.0110
	WM2	0.0136
	WM3	0.0122

Indicative NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

	Pence per peak day kWh per day
NTS Sites	
AM Paper	0.0069
Baglan Bay PG	0.0074
Barking PG	0.0141
BASF Teesside	0.0001
BP Grangemouth	0.0001
BP Saltend (HP)	0.0001
Bridgewater Paper	0.0102
Brigg PG	0.0031
Brimsdown PG	0.0151
Brunner Mond	0.0074
Connahs Quay PG	0.0098
Corby PG	0.0087
Coryton PG	0.0143
Cottam PG	0.0031
Deeside PG	0.0109
Didcot PG	0.0171
Goole Glass	0.0007
Great Yarmouth PG	0.0025
Hays Chemicals	0.0087
ICI Runcorn	0.0118
Immingham CHP	0.0001
Keadby PG	0.0017
Kemira Ince	0.0114
Kings Lynn PG	0.0075
Kingsnorth PG	0.0137
Little Barford PG	0.0105
Longannet PG	0.0001
Medway PG	0.0137
Peterborough PG	0.0066
Peterhead PG	0.0001
Phillips Seal Sands	0.0001
Rocksavage PG	0.0118
Rosecote PG	0.0001
Rye House PG	0.0158
Saltend PG	0.0001
Sappi Paper Mill	0.0037
Seabank PG	0.0185
Sellafield PG	0.0001
Shotton Paper	0.0109
Spalding PG	0.0046
Stallingborough PG	0.0001
Staythorpe PG	0.0011
Sutton Bridge PG	0.0061
Teesside Hydrogen	0.0001
Teesside PG	0.0001
Terra Billingham	0.0001
Terra Severnside	0.0185
Thornton Curtis PG	0.0001
Zeneca	0.0001

Indicative NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

	Pence per peak day kWh per day
Interconnectors	
Bacton I/C	0.0025
Moffat I/C	0.0001
Storage Sites	
Avonmouth	0.0185
Barton Stacey	0.0205
Dynevor Arms	0.0090
Garton	0.0001
Glenmavis	0.0001
Hatfield Moor	0.0015
Hole House Farm	0.0082
Hornsea	0.0001
Partington	0.0067
Rough	0.0001