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Friday 8<sup>th</sup> January 2010

Dear Colleague

**Annual Monthly System Entry Capacity Auction (AMSEC)**

**Invitation to Participate in an Auction  
for the Capacity Period April 2010 to September 2011<sup>1</sup>**

Pursuant to Section B2.2.1(b) of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC), National Grid Gas plc ("National Grid") in its role as holder of the Gas Transporter License in respect of the NTS (the "License") invites you to take part in the 2010 auction for Monthly System Entry Capacity (MSEC).

The provisions of the UNC (including in particular, but not limited to, TPD Section B and any relevant provisions of the Transition Document) apply to this invitation, the 2010 Annual Monthly System Entry Capacity (AMSEC) auction for MSEC, any bids made and rejected or accepted pursuant to such auction, and any subsequent allocation of MSEC.

**Users may make applications for MSEC for each calendar month for the capacity period 1<sup>st</sup> April 2010 to 30<sup>th</sup> September 2011 (inclusive) (the Capacity Period).**

**National Grid will conduct the AMSEC auction on the invitation dates listed below:**

- |                    |                                      |                    |
|--------------------|--------------------------------------|--------------------|
| ➤ <b>Friday</b>    | <b>5<sup>th</sup> February 2010</b>  | <b>(Tranche 1)</b> |
| ➤ <b>Wednesday</b> | <b>10<sup>th</sup> February 2010</b> | <b>(Tranche 2)</b> |
| ➤ <b>Monday</b>    | <b>15<sup>th</sup> February 2010</b> | <b>(Tranche 3)</b> |
| ➤ <b>Thursday</b>  | <b>18<sup>th</sup> February 2010</b> | <b>(Tranche 4)</b> |

On each day, the **auction window will commence at 08:00 and close at 17:00**. A MSEC bid may be withdrawn or amended until, but not after, 17:00. Allocations will be published to Users by 09:00 hours on the Business Day following each invitation date.

The quantity of System Entry Capacity being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point is shown in **Table One** attached to this invitation letter.

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<sup>1</sup> Capacity year has been redefined to October to September, and the MSEC Transaction Period has been reduced from 24 to 18 months.

In each of the first three tranches of the AMSEC auction the amount of capacity offered will be 25% of the System Entry Capacity being offered. In the fourth tranche the remaining 25% of System Entry Capacity being offered will be offered for sale, together with any unsold in the previous three tranches.

Reserve prices apply for the AMSEC auction. These are shown in **Table Two, page 6** of this invitation letter. The reserve prices are also published in Table 2 of The Statement of Gas Transmission Transportation Charges, effective from 1 October 2009 and can be viewed via [www.nationalgrid.com/uk/Gas/Charges/statements/transportation/CurrentNTS/](http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/CurrentNTS/)

**Please note: There are different reserve prices for two separate delivery periods (01 Apr 2010 to 30 Sep 2010 and 01 Oct 2010 to 30 Sep 2011) within this AMSEC transaction period.**

Following the close of each tranche, National Grid will publish the following information for each Aggregate System Entry Point (ASEP) for each month on the National Grid website via <http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx> (select the following criteria: Auction Type: Annual Monthly System Entry Capacity, Report Type: Results (by Tranche), from: April 2010, to: September 2011).

- Weighted average price of all accepted bids
- Weighted average price of highest 50% of accepted bids
- Aggregate volume of allocated System Entry Capacity
- Total amount of revenue derived in respect of allocated System Entry Capacity
- Highest and lowest bids accepted
- Volume allocated at highest and lowest prices
- Total number of shippers who submitted successful capacity bids
- Total number of shippers who submitted unsuccessful capacity bids
- The amount of System Entry Capacity which remains unsold (if any) following the allocation.

Points of Note for this Auction:

1. National Grid issued a notice on 9<sup>th</sup> November 2007 (and subsequently updated) pursuant to General Terms Section B3 of the UNC in relation to the Corse pressure reduction installation, which impacts on the level of gas flow that National Grid can accommodate at the Milford Haven ASEP. While National Grid is making capacity available at the Milford Haven ASEP in this Auction, Users should be aware that (due to the existence of the force majeure occurrence) National Grid may not be able to accommodate gas flows against all entry capacity booked in relation to the Milford Haven ASEP.

Uniform Network Code and License changes may occur at any time, which may increase or decrease capacity rights, or availability. Users are advised to keep themselves up to date with the regime changes.

Please note that this invitation is being sent by e-mail via the Joint Office and by webfax (business hours operational list) and will be posted on the National Grid website (<http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx>). The fax delivery notification audit report will be considered as evidence of receipt. An ANS message will also be issued informing users that the invitation has been issued.

National Grid has put this document together with due care and attention. In the unlikely event of an error, National Grid reserves its right to correct the error and amend relevant elements of the auction as required.

If you have any queries with regards to entry capacity, the auction mechanism, Gemini or information provision then please do not hesitate to contact Diana Dai or myself on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any long term capacity issues at [capacityauctions@uk.ngrid.com](mailto:capacityauctions@uk.ngrid.com).

If you have any queries pertaining to the Daily Auctions, please contact Melissa Albray on +44 (0)1926 65 3608 or Navraj Dosanjh on +44 (0)1926 65 4180.

Yours sincerely,

Kay Haycock  
Network Operations  
National Grid

**Table One – Available Monthly System Entry Capacity (kWh/d)**

Month	Avonmouth (AV)	Bacton (BA)	Burton Point (BP)	Barrow (BR)	Barton Stacey (BS)	Cheshire (CH)
Apr-10	179,300,000	1,541,433,643	29,500,000	221,500,000	82,600,000	114,700,000
May-10	179,300,000	1,541,433,643	29,500,000	230,700,000	82,600,000	114,700,000
Jun-10	179,300,000	1,541,433,643	29,500,000	221,000,000	82,600,000	114,700,000
Jul-10	179,300,000	1,567,828,420	29,500,000	262,500,000	82,600,000	114,700,000
Aug-10	179,300,000	1,567,828,420	29,500,000	262,800,000	82,600,000	114,700,000
Sep-10	179,300,000	1,567,828,420	29,500,000	262,900,000	82,600,000	114,700,000
Oct-10	135,339,350	865,082,868	31,926,419	151,900,000	82,600,000	114,700,000
Nov-10	135,339,350	865,392,684	31,926,419	152,000,000	82,600,000	114,700,000
Dec-10	135,339,350	851,623,023	31,926,419	152,200,000	82,600,000	114,700,000
Jan-11	135,339,350	828,530,669	31,926,419	152,300,000	82,600,000	115,643,200
Feb-11	135,339,350	827,979,135	31,926,419	152,400,000	82,600,000	115,643,200
Mar-11	135,339,350	842,815,769	31,926,419	152,500,000	82,600,000	115,643,200
Apr-11	179,300,000	1,578,867,198	33,500,000	233,000,000	82,600,000	115,643,200
May-11	179,300,000	1,578,867,198	33,500,000	233,000,000	82,600,000	115,643,200
Jun-11	179,300,000	1,578,867,198	33,500,000	233,000,000	82,600,000	115,643,200
Jul-11	179,300,000	1,594,261,685	33,500,000	276,900,000	82,600,000	115,643,200
Aug-11	179,300,000	1,594,261,685	33,500,000	276,900,000	82,600,000	115,643,200
Sep-11	161,370,000	1,415,921,685	26,150,000	245,990,000	74,340,000	87,053,200

Month	Caythorpe (CT)	Dynevor Arms (DA)	Easington (EA)	Fleetwood (FL)	Glenmavis (GM)	Garton (GR)
Apr-10	0	49,000,000	607,225,521	0	99,000,000	2
May-10	0	49,000,000	985,657,589	0	99,000,000	2
Jun-10	0	49,000,000	987,518,599	0	99,000,000	2
Jul-10	0	49,000,000	990,689,602	0	99,000,000	2
Aug-10	0	49,000,000	986,855,991	0	99,000,000	2
Sep-10	0	49,000,000	613,040,428	0	99,000,000	2
Oct-10	0	5,039,350	138,538,043	650,000,000	99,000,000	0
Nov-10	0	5,039,350	138,538,043	650,000,000	99,000,000	0
Dec-10	0	5,039,350	138,538,043	650,000,000	99,000,000	0
Jan-11	0	5,039,350	106,200,000	0	99,000,000	0
Feb-11	0	5,039,350	106,200,000	0	99,000,000	0
Mar-11	0	5,039,350	106,200,000	0	99,000,000	0
Apr-11	0	49,000,000	981,986,369	0	99,000,000	0
May-11	0	49,000,000	981,986,369	0	99,000,000	0
Jun-11	0	49,000,000	981,986,369	0	99,000,000	0
Jul-11	0	49,000,000	994,755,136	0	99,000,000	0
Aug-11	0	49,000,000	994,755,136	0	99,000,000	0
Sep-11	0	44,100,000	888,555,136	0	89,100,000	0

**Table One – Available Monthly System Entry Capacity (kWh/d)**

Month	Hole House Farm (HH)	Hatfield Moor Onshore (HM)	Hornsea (HS)	Hatfield Moor Storage (HT)	Isle of Grain LNG (IG)	Milford Haven <sup>2</sup> (MH)
Apr-10	0	300,000	35,000,000	25,000,000	293,440,000	299,000,000
May-10	0	300,000	35,000,000	25,000,000	293,440,000	299,000,000
Jun-10	0	300,000	35,000,000	25,000,000	293,440,000	299,000,000
Jul-10	0	300,000	233,100,000	25,000,000	293,440,000	299,000,000
Aug-10	0	300,000	233,100,000	25,000,000	293,440,000	299,000,000
Sep-10	13,160,000	300,000	233,100,000	25,000,000	293,440,000	299,000,000
Oct-10	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Nov-10	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Dec-10	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Jan-11	13,160,000	30,000	17,500,000	11,600,000	43,600,000	0
Feb-11	13,160,000	30,000	17,500,000	11,600,000	43,600,000	0
Mar-11	13,160,000	30,000	17,500,000	11,600,000	43,600,000	0
Apr-11	13,160,000	300,000	35,000,000	25,000,000	459,680,000	299,000,000
May-11	13,160,000	300,000	35,000,000	25,000,000	459,680,000	299,000,000
Jun-11	13,160,000	300,000	35,000,000	25,000,000	459,680,000	299,000,000
Jul-11	13,160,000	300,000	233,100,000	25,000,000	459,680,000	299,000,000
Aug-11	13,160,000	300,000	233,100,000	25,000,000	459,680,000	299,000,000
Sep-11	0	270,000	215,600,000	22,500,000	437,880,000	299,000,000

Month	Partington (PR)	St. Fergus (SF)	Teesside (TE)	Theddlethorpe (TH)	Wyth Farm (WF)
Apr-10	215,000,000	1,153,529,280	249,617,109	532,337,500	3,300,000
May-10	215,000,000	1,154,029,280	251,317,109	532,704,742	3,300,000
Jun-10	215,000,000	1,150,365,893	257,051,565	533,026,552	3,300,000
Jul-10	215,000,000	1,170,745,669	272,521,794	538,561,330	3,300,000
Aug-10	215,000,000	1,173,145,669	268,321,794	540,567,446	3,300,000
Sep-10	215,000,000	1,173,192,204	262,960,374	539,019,021	3,300,000
Oct-10	171,039,350	671,458,317	212,989,827	537,096,685	3,300,000
Nov-10	171,039,350	672,458,317	213,389,827	537,096,685	3,300,000
Dec-10	171,039,350	673,058,317	213,819,134	537,096,685	3,300,000
Jan-11	171,039,350	722,451,681	228,768,725	544,063,427	3,300,000
Feb-11	171,039,350	722,951,681	229,068,725	544,063,427	3,300,000
Mar-11	171,039,350	723,451,681	232,199,435	544,063,427	3,300,000
Apr-11	215,000,000	1,212,276,286	266,082,286	556,072,287	3,300,000
May-11	215,000,000	1,212,276,286	266,082,286	556,072,287	3,300,000
Jun-11	215,000,000	1,212,276,286	266,082,286	556,072,287	3,300,000
Jul-11	215,000,000	1,222,053,370	274,979,202	558,172,287	3,300,000
Aug-11	215,000,000	1,222,053,370	274,979,202	558,172,287	3,300,000
Sep-11	193,500,000	1,054,983,370	227,379,202	497,102,287	2,970,000

<sup>2</sup> See point 1 of “Points of Note for this Auction” on the second page of the letter to which this table is attached.

**Table Two - Reserve Prices for Monthly System Entry Capacity (pence per kWh per day)**

<b><u>ASEP</u></b>	<b>01 Apr 10 to 30 Sep 10</b>	<b>01 Oct 10 to 30 Sep 11</b>
Avonmouth	0.0001	0.0001
Bacton	0.0089	0.0087
Barrow	0.0044	0.0044
Barton Stacey	0.0001	0.0001
Burton Point	0.0001	0.0001
Cheshire	0.0001	0.0001
Caythorpe	0.0070	0.0068
Dynevor Arms	0.0001	0.0001
Easington (incl. Rough)	0.0111	0.0110
Fleetwood	0.0001	0.0031
Garton	0.0120	0.0114
Glenmavis	0.0138	0.0140
Hatfield Moor (onshore)	0.0045	0.0043
Hatfield Moor (storage)	0.0045	0.0043
Hole House Farm	0.0001	0.0001
Hornsea	0.0110	0.0109
Isle of Grain	0.0001	0.0029
Milford Haven	0.0199	0.0199
Partington	0.0001	0.0001
St Fergus	0.0385	0.0397
Teesside	0.0103	0.0106
Theddlethorpe	0.0091	0.0102
Wytch Farm	0.0001	0.0001