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10<sup>th</sup> January 2011

Dear Colleague

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

**Invitation to Participate in an Auction  
for the Capacity Period April 2011 to September 2012<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 2011 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 2011 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 2011 to 30<sup>th</sup> September 2012 (inclusive) (the Capacity Period).**

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

➤ <b>Monday</b>	<b>7<sup>th</sup> February 2011</b>	<b>(Tranche 1)</b>
➤ <b>Thursday</b>	<b>10<sup>th</sup> February 2011</b>	<b>(Tranche 2)</b>
➤ <b>Tuesday</b>	<b>15<sup>th</sup> February 2011</b>	<b>(Tranche 3)</b>
➤ <b>Friday</b>	<b>18<sup>th</sup> February 2011</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 A MSEC bid may be withdrawn or amended until, but not after, 17:00.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 2010 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 2011 to 30 Sep 2011 and 01 Oct 2011 to 30 Sep 2012) 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 2011, to: September 2012).

- 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 Stephen Carey or myself on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any capacity issues at [capacityauctions@uk.ngrid.com](mailto:capacityauctions@uk.ngrid.com).

Yours sincerely,

Dave Wagstaff  
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-11	179,300,000	1,533,349,913	33,500,000	219,000,000	82,600,000	115,643,200
May-11	179,300,000	1,543,114,026	33,500,000	233,000,000	82,600,000	115,643,200
Jun-11	179,300,000	1,542,349,913	33,500,000	233,000,000	82,600,000	115,643,200
Jul-11	179,300,000	1,563,137,886	33,500,000	262,900,000	82,600,000	115,643,200
Aug-11	179,300,000	1,548,237,886	33,500,000	236,900,000	82,600,000	115,643,200
Sep-11	179,300,000	1,547,873,773	33,500,000	219,700,000	82,600,000	115,643,200
Oct-11	135,339,350	899,046,492	31,926,419	143,941,643	82,600,000	115,643,200
Nov-11	135,339,350	899,046,492	31,926,419	143,941,643	82,600,000	115,643,200
Dec-11	135,339,350	899,046,492	31,926,419	143,941,643	82,600,000	115,643,200
Jan-12	135,339,350	878,143,929	31,926,419	76,556,037	82,600,000	308,243,200
Feb-12	135,339,350	878,143,929	31,926,419	76,556,037	82,600,000	308,243,200
Mar-12	135,339,350	878,143,929	31,926,419	76,556,037	82,600,000	308,243,200
Apr-12	179,300,000	1,617,870,122	37,349,060	206,165,525	82,600,000	297,243,200
May-12	179,300,000	1,617,870,122	37,349,060	206,165,525	82,600,000	297,243,200
Jun-12	179,300,000	1,617,870,122	37,349,060	206,165,525	82,600,000	297,243,200
Jul-12	179,300,000	1,630,431,615	37,349,060	215,933,413	82,600,000	224,243,200
Aug-12	179,300,000	1,630,431,615	37,349,060	215,933,413	82,600,000	224,243,200
Sep-12	161,370,000	1,452,091,615	29,999,060	185,023,413	74,340,000	195,653,200

Month	Caythorpe (CT)	Dynevor Arms (DA)	Easington (EA)	Fleetwood (FL)	Glenmavis (GM)	Garton (GR)
Apr-11	0	49,000,000	977,546,762	650,000,000	99,000,000	0
May-11	0	49,000,000	977,546,762	650,000,000	99,000,000	0
Jun-11	0	49,000,000	977,546,762	650,000,000	99,000,000	0
Jul-11	0	49,000,000	979,315,529	650,000,000	99,000,000	0
Aug-11	0	49,000,000	988,315,529	650,000,000	99,000,000	0
Sep-11	0	49,000,000	987,015,529	650,000,000	99,000,000	0
Oct-11	0	5,039,350	121,817,721	650,000,000	99,000,000	0
Nov-11	0	5,039,350	121,817,721	650,000,000	99,000,000	0
Dec-11	0	5,039,350	121,817,721	650,000,000	99,000,000	0
Jan-12	0	5,039,350	106,200,000	0	99,000,000	0
Feb-12	0	5,039,350	106,200,000	0	99,000,000	0
Mar-12	0	5,039,350	106,200,000	0	99,000,000	0
Apr-12	0	49,000,000	1,050,109,645	0	99,000,000	0
May-12	0	49,000,000	1,050,109,645	0	99,000,000	0
Jun-12	0	49,000,000	1,050,109,645	0	99,000,000	0
Jul-12	0	49,000,000	1,052,259,645	0	99,000,000	0
Aug-12	0	49,000,000	1,052,259,645	0	99,000,000	0
Sep-12	0	44,100,000	946,059,645	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-11	0	300,000	35,000,000	25,000,000	459,680,000	299,000,000
May-11	0	300,000	35,000,000	25,000,000	459,680,000	299,000,000
Jun-11	0	300,000	35,000,000	25,000,000	459,680,000	299,000,000
Jul-11	0	300,000	233,100,000	25,000,000	459,680,000	299,000,000
Aug-11	0	300,000	233,100,000	25,000,000	459,680,000	299,000,000
Sep-11	13,160,000	300,000	233,100,000	25,000,000	459,680,000	299,000,000
Oct-11	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Nov-11	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Dec-11	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Jan-12	13,160,000	30,000	17,500,000	3,000,000	43,600,000	0
Feb-12	13,160,000	30,000	17,500,000	3,000,000	43,600,000	0
Mar-12	13,160,000	30,000	17,500,000	3,000,000	43,600,000	0
Apr-12	13,160,000	300,000	35,000,000	25,000,000	289,680,000	299,000,000
May-12	13,160,000	300,000	35,000,000	25,000,000	289,680,000	299,000,000
Jun-12	13,160,000	300,000	35,000,000	25,000,000	289,680,000	299,000,000
Jul-12	13,160,000	300,000	233,100,000	25,000,000	289,680,000	299,000,000
Aug-12	13,160,000	300,000	233,100,000	25,000,000	289,680,000	299,000,000
Sep-12	0	270,000	215,600,000	22,500,000	267,880,000	299,000,000

Month	Partington (PR)	St. Fergus (SF)	Teesside (TE)	Theddlethorpe (TH)	Wyth Farm (WF)
Apr-11	215,000,000	1,205,476,286	258,903,820	542,377,890	2,800,000
May-11	215,000,000	1,212,276,286	262,329,492	542,900,130	2,800,000
Jun-11	215,000,000	1,212,276,286	261,903,820	543,718,202	2,800,000
Jul-11	215,000,000	1,222,053,370	271,226,408	544,332,253	2,800,000
Aug-11	215,000,000	1,222,053,370	270,226,408	551,442,433	2,800,000
Sep-11	215,000,000	1,222,053,370	269,800,736	555,148,741	2,800,000
Oct-11	171,039,350	786,369,825	213,257,038	545,612,533	3,300,000
Nov-11	171,039,350	786,369,825	213,257,038	545,612,533	3,300,000
Dec-11	171,039,350	786,369,825	213,257,038	545,612,533	3,300,000
Jan-12	171,039,350	827,041,134	224,173,803	552,976,951	3,300,000
Feb-12	171,039,350	827,041,134	224,173,803	552,976,951	3,300,000
Mar-12	171,039,350	827,041,134	224,173,803	552,976,951	3,300,000
Apr-12	215,000,000	1,149,971,628	269,158,967	560,620,369	3,300,000
May-12	215,000,000	1,149,971,628	269,158,967	560,620,369	3,300,000
Jun-12	215,000,000	1,149,971,628	269,158,967	560,620,369	3,300,000
Jul-12	215,000,000	1,165,721,141	266,673,381	561,720,369	3,300,000
Aug-12	215,000,000	1,165,721,141	266,673,381	561,720,369	3,300,000
Sep-12	193,500,000	998,651,141	219,073,381	500,650,369	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 11 to 30 Sep 11</b>	<b>01 Oct 11 to 30 Sep 12</b>
Avonmouth	0.0001	0.0001
Bacton	0.0091	0.0094
Barrow	0.0115	0.0118
Barton Stacey	0.0001	0.0001
Burton Point	0.0001	0.0001
Cheshire	0.0001	0.0001
Caythorpe	0.0071	0.0095
Dynevor Arms	0.0001	0.0001
Easington (incl. Rough)	0.0115	0.0118
Fleetwood	0.0036	0.0041
Garton	0.0109	0.0128
Glenmavis	0.0172	0.0125
Hatfield Moor (onshore)	0.0047	0.0048
Hatfield Moor (storage)	0.0047	0.0048
Hole House Farm	0.0001	0.0001
Hornsea	0.0110	0.0114
Isle of Grain	0.0032	0.0039
Milford Haven	0.0207	0.0207
Partington	0.0001	0.0001
St Fergus	0.0402	0.0382
Teesside	0.0100	0.0092
Theddlethorpe	0.0107	0.0115
Wytch Farm	0.0001	0.0001