

## **Notice of Revised Gas Transmission Transportation Charges from 1st October 2006**

In order to bring revenue recovery from transportation charges in line with the price control formulae for the NTS, National Grid is publishing this notice of revised transmission charges two months in advance of the changes, consistent with our Licence and Uniform Network Code obligations.

From 1<sup>st</sup> October 2006 changes are applied to charges as follows;

1. The **NTS TO Entry Commodity charge** will be increased from its current level of zero to 0.0164 p/kWh.

Since the introduction of the TO Entry Commodity charge, we have set this charge to zero for the first six months of the financial year (April – March) and applied a charge (due to under recovery in the auctions) in the latter six months (October – March) to ensure accurate recovery of allowed TO revenues. As the entry capacity auctions have been held for a number of years we have more information and experience to be able to spread any under recovery from these auctions over the full financial year (April to March) rather than over the 6 month period October to March and hence we propose to change to a more stable pattern of charges.

We anticipate that an NTS TO Entry Commodity charge will be necessary in the next financial year and consequently it will be applied for the full period April 2007 to March 2008, although we are not currently able to indicate the level. We will therefore not be reducing the charge to zero at 1 April 2007. We will provide further information relating to the charge level applicable from 1 April 2007 in our 150 days indicative notice of change of charges which will be published on or before 1 November 2006.

2. The **NTS TO Exit Capacity charges** will uniformly increase by a rate of 8.6%, subject to rounding.
3. The **NTS SO Commodity charge** as applied to both entry and exit flows, will be levied at a rate of 0.0114 p/kWh, a decrease of 5.8% from its present level. A reduction is required to take account of our revised forecasts around shrinkage costs and throughputs.
4. The **compression charge** levied at the Total Oil Marine sub-terminal at St. Fergus will decrease to 0.0084 p/kWh. This change is due to revised forecasts in the wholesale price of gas.

Please find attached a copy of our document "Notice of Gas Transmission Transportation Charges effective from 1<sup>st</sup> October 2006". This document will also be available on the National Grid website <http://www.nationalgrid.com/uk/gas/> under Charging, Transportation Charges.

If you have any questions about this Notice, or NTS charges in general, please contact Nigel Fox on 01926 656823 or Toby Thornton on 01926 656384.