

Notice of QSEC 2008 Step Prices and MSEC Entry Capacity Reserve Prices

(Issued 15 July 2008)

National Grid is publishing this notice of revised transmission charges two months in advance of the next auction of Quarterly System Entry Capacity (QSEC), consistent with our Licence and Uniform Network Code obligations.

Below is an update of the NTS Gas Transportation Charges Statement dated 1 April 2008. Appendix D, which details the reserve and step prices for use in the QSEC auction, has been updated and therefore replaces any previous versions.

National Grid has also published the revised Incremental Entry Capacity Release (IECR) Methodology Statement which can be found on our web site at <http://www.nationalgrid.com/uk/Gas/Charges/statements/>

For all entry points an **Estimated Project Cost** (£m) has been calculated for each incremental capacity level and this information has been added to this notice. The NPV of the revenues from incremental bids is required to be at least 50% of the estimated project cost, in order to trigger the release of incremental obligated entry capacity (as given in paragraph 36 of the IECR Methodology Statement 2008).

Table 2 in the NTS Gas Transportation Charges Statement has also been updated. This change reflects the revised entry capacity reserve prices for Monthly and Daily System Entry Capacity. It should be noted that the system entry capacity (RMTTSEC), purchased during September 2008 for use from 1 October 2008, will be subject to the appropriate revised reserve prices, notified previously. Please note also that the capacity auctioned during the AMSEC auctions will also be subject to the appropriate reserve prices as shown in Table 2 below.

The full Transportation Charges Statement can be found on our website under Gas Charging/Methodology and Charging Statements.

If you have any questions relating to this notice, or NTS charges in general, please contact the Transmission Charging & Revenue team on 01926 654633.

Table 2 Entry Capacity Reserve Prices for Capacity for use from 1 October 2008

Entry Point	MSEC Reserve Prices Pence per kWh per day		
	Y	Y+1	Y+2
	from 1 Oct 08 to 30 Sep 09	from 1 Oct 09 to 30 Sep 10	from 1 Oct 10 to 31 Mar 11
Coastal Terminals & LNG Importation			
Bacton	0.0072	0.0083	0.0084
Barrow	0.0066	0.0047	0.0070
Easington&Rough	0.0086	0.0095	0.0092
Isle of Grain	0.0001	0.0001	0.0006
Milford Haven	0.0181	0.0188	0.0172
St Fergus	0.0367	0.0376	0.0378
Teesside	0.0082	0.0073	0.0083
Theddlethorpe	0.0074	0.0084	0.0082
Onshore Fields and Connections			
Burton Point	0.0001	0.0001	0.0001
Hatfield Moor	0.0027	0.0030	0.0028
Hole House Farm	0.0001	0.0001	0.0001
Wytch Farm	0.0001	0.0001	0.0001
Storage			
Barton Stacey	0.0001	0.0001	0.0001
Cheshire	0.0001	0.0001	0.0001
Fleetwood	0.0001	0.0001	0.0052
Garton	0.0091	0.0095	0.0100
Glenmavis	0.0173	0.0153	0.0172
Hatfield Moor	0.0027	0.0030	0.0028
Hornsea	0.0088	0.0089	0.0090
Partington	0.0001	0.0001	0.0001
Constrained LNG			
Avonmouth	0.0001	0.0001	0.0001
Dynevor Arms	0.0001	0.0001	0.0001

Table 2 continued

Reserve Prices Pence per kWh per day	
Entry Point	DSEC
	from 1 Oct 08 to 30 Sep 09
Coastal Terminals & LNG Importation	
Bacton	0.0048
Barrow	0.0044
Easington&Rough	0.0057
Isle of Grain	0.0001
Milford Haven	0.0121
St Fergus	0.0245
Teesside	0.0055
Theddlethorpe	0.0049
Onshore Fields and Connections	
Burton Point	0.0001
Hatfield Moor	0.0018
Hole House Farm	0.0001
Wytch Farm	0.0001
Storage	
Barton Stacey	0.0001
Cheshire	0.0001
Fleetwood	0.0001
Garton	0.0061
Glenmavis	0.0115
Hatfield Moor	0.0018
Hornsea	0.0059
Partington	0.0001
Constrained LNG	
Avonmouth	0.0001
Dynevor Arms	0.0001

Appendix D QSEC Step Prices 2008

Below are the entry capacity reserve prices together with the price steps for each level of incremental capacity for use in the auction of Quarterly System Entry Capacity (QSEC).

Pence/kWh/day

	Coastal Terminals & Importation Facilities							
	Bacton	Easington&Rough	Theddlethorpe	St Fergus	Teesside	Barrow	Milford Haven	Isle of Grain
Obligated Level	0.0084	0.0092	0.0082	0.0378	0.0083	0.0070	0.0172	0.0006
2.5%	0.0085	0.0093	0.0087	0.0388	0.0084	0.0071	0.0186	0.0007
5.0%	0.0086	0.0095	0.0096	0.0390	0.0097	0.0072	0.0188	0.0008
7.5%	0.0089	0.0096	0.0103	0.0391	0.0098	0.0073	0.0189	0.0009
10.0%	0.0104	0.0097	0.0104	0.0392	0.0099	0.0074	0.0190	0.0010
12.5%	0.0105	0.0104	0.0105	0.0399	0.0100	0.0075	0.0191	0.0011
15.0%	0.0106	0.0105	0.0106	0.0418	0.0110	0.0076	0.0192	0.0012
17.5%	0.0107	0.0107	0.0107	0.0419	0.0111	0.0084	0.0193	0.0013
20.0%	0.0108	0.0108	0.0108	0.0420	0.0112	0.0085	0.0194	0.0014
22.5%	0.0109	0.0109	0.0109	0.0421	0.0113	0.0086	0.0195	0.0170
25.0%	0.0110	0.0110	0.0110	0.0422	0.0114	0.0087	0.0196	0.0175
27.5%	0.0116	0.0111	0.0111	0.0423	0.0122	0.0088	0.0197	0.0187
30.0%	0.0117	0.0112	0.0112	0.0424	0.0124	0.0089	0.0198	0.0191
32.5%	0.0118	0.0121	0.0113	0.0425	0.0125	0.0090	0.0199	0.0233
35.0%	0.0119	0.0128	0.0114	0.0426	0.0158	0.0091	0.0200	0.0234
37.5%	0.0120	0.0129	0.0115	0.0427	0.0159	0.0092	0.0201	0.0235
40.0%	0.0121	0.0130	0.0116	0.0428	0.0160	0.0093	0.0202	0.0236
42.5%	0.0122	0.0131	0.0117	0.0429	0.0161	0.0094	0.0203	0.0237
45.0%	0.0130	0.0132	0.0118	0.0430	0.0162	0.0095	0.0204	0.0238
47.5%	0.0139	0.0133	0.0119	0.0431	0.0163	0.0096	0.0205	0.0239
50.0%	0.0141	0.0134	0.0120	0.0432	0.0164	0.0097	0.0206	0.0240
Obligated Level (GWh/d)	1783.4	1407	610.7	1670.7	476	309.1	950	699.68

Pence/kWh/day

Onshore Fields and Connections							
Hatfield Moor		Wyth Farm		Burton Point		Hole House Farm	
Obligated Level		Obligated Level		Obligated Level		Obligated Level	
	0.0028		0.0001		0.0001		0.0001
10%	0.0029	10%	0.0002	10%	0.0002	10%	0.0013
20%	0.0030	20%	0.0003	20%	0.0003	20%	0.0014
30%	0.0031	30%	0.0004	30%	0.0004	30%	0.0015
40%	0.0032	40%	0.0005	40%	0.0005	40%	0.0016
50%	0.0033	50%	0.0006	50%	0.0006	50%	0.0017
Obligated Level (GWh/d)	25.3		3.3		73.5		131.6

Appendix D continued

Pence/kWh/day

Storage Sites											
Garton		Cheshire	Fleetwood	Hornsea		Glenmavis		Partington		Barton Stacey	
Obligated Level				Obligated Level		Obligated Level		Obligated Level		Obligated Level	
	0.0100	0.0001	0.0052		0.0090		0.0172		0.0001		0.0001
2.5%	0.0101	0.0002	0.0055	6.44%	0.0094	10.0%	0.0173	7.0%	0.0002	8.7%	0.0006
5.0%	0.0102	0.0003	0.0056	12.87%	0.0095	20.0%	0.0174	14.0%	0.0003	17.4%	0.0008
7.5%	0.0103	0.0006	0.0057	19.31%	0.0096	30.0%	0.0175	20.9%	0.0018	26.1%	0.0014
10.0%	0.0104	0.0007	0.0058	25.74%	0.0097	40.0%	0.0197	27.9%	0.0028	34.8%	0.0053
12.5%	0.0105	0.0017	0.0059	32.18%	0.0098	50.0%	0.0198	34.9%	0.0029	43.5%	0.0054
15.0%	0.0106	0.0018	0.0060	38.61%	0.0099			41.9%	0.0031	52.1%	0.0055
17.5%	0.0107	0.0019	0.0061	45.05%	0.0100			48.8%	0.0032		
20.0%	0.0108	0.0020	0.0062	51.48%	0.0101			55.8%	0.0033		
22.5%	0.0109	0.0021	0.0063								
25.0%	0.0110	0.0022	0.0064								
27.5%	0.0111	0.0023	0.0065								
30.0%	0.0112	0.0024	0.0066								
32.5%	0.0113	0.0037	0.0067								
35.0%	0.0114	0.0038	0.0068								
37.5%	0.0115	0.0044	0.0069								
40.0%	0.0116	0.0045	0.0070								
42.5%	0.0118	0.0046	0.0071								
45.0%	0.0120	0.0047	0.0072								
47.5%	0.0121	0.0048	0.0073								
50.0%	0.0122	0.0049	0.0074								
Obligated Level (GWh/d)	420	350.1	650		233.1		99		215		172.6

Pence/kWh/day

Constrained LNG			
Avonmouth		Dynevor Arms	
Obligated Level		Obligated Level	
	0.0001		0.0001
8.37%	0.0045	10%	0.0002
16.73%	0.0046	20%	0.0003
25.10%	0.0047	30%	0.0004
33.46%	0.0048	40%	0.0005
41.83%	0.0049	50%	0.0006
50.20%	0.0054		
Obligated Level (GWh/d)	179.3		49

Appendix D continued

Pence/kWh/day

New Entry Points		
GWh/d	Caythorpe	Portland
Obligated Level	0.0000	0.0000
15	0.0088	0.0001
30	0.0089	0.0002
45	0.0091	0.0041
60	0.0092	0.0042
75	0.0093	0.0043
90	0.0094	0.0044
105	0.0095	0.0045
120	0.0096	0.0046
135	0.0097	0.0047
150	0.0098	0.0048
165	0.0099	0.0062
180	0.0100	0.0070
195	0.0101	0.0087
210	0.0102	0.0088
225	0.0103	0.0094
240	0.0104	0.0095
255	0.0105	0.0096
270	0.0106	0.0097
285	0.0107	0.0098
300	0.0108	0.0099

Estimated Project Costs, £m

£m

	Coastal Terminals & Importation Facilities							
	Bacton	Easington&Rough	Theddlethorpe	St Fergus	Teesside	Barrow	Milford Haven	Isle of Grain
Baseline								
2.5%	13.31	11.62	4.72	57.59	3.51	1.92	15.70	0.37
5.0%	26.62	23.75	10.42	115.76	8.20	3.84	31.73	0.75
7.5%	42.30	35.62	16.76	173.65	12.31	5.77	47.85	1.12
10.0%	65.91	48.00	22.35	231.53	16.41	7.69	63.80	1.49
12.5%	83.17	64.99	27.94	296.09	20.51	9.61	79.75	1.87
15.0%	99.81	77.99	33.53	372.22	27.91	11.53	95.70	2.24
17.5%	116.44	93.62	39.50	434.26	32.56	16.15	111.65	2.61
20.0%	133.08	107.99	45.14	496.30	37.89	18.45	127.60	2.98
22.5%	155.42	121.49	50.78	558.34	42.62	20.76	143.55	95.10
25.0%	172.68	134.99	56.42	620.37	47.36	23.07	159.50	108.77
27.5%	202.15	148.49	62.06	684.04	56.75	25.37	175.45	127.85
30.0%	220.53	161.99	67.71	746.23	62.92	27.68	195.45	142.46
32.5%	238.91	196.61	73.35	808.41	68.16	29.99	211.74	188.27
35.0%	257.28	223.98	78.99	878.91	93.53	32.29	228.03	202.75
37.5%	275.66	239.98	84.63	941.69	100.22	34.60	253.18	217.23
40.0%	299.11	257.98	90.27	1004.47	107.57	36.90	270.06	232.71
42.5%	323.19	274.10	95.92	1067.25	114.30	39.21	286.93	247.25
45.0%	370.72	290.23	101.56	1130.03	121.02	41.52	306.85	261.80
47.5%	418.40	306.35	111.32	1192.81	127.74	43.82	323.90	276.34
50.0%	446.76	322.47	117.18	1255.59	134.47	46.13	340.94	290.89
Obligated Level (GWh)	1783.4	1407	610.7	1670.7	476	309.1	950	699.68

£m

Onshore Fields and Connections							
Hatfield Moor		Wyth Farm		Burton Point		Hole House Farm	
Obligated Level		Obligated Level		Obligated Level		Obligated Level	
10%	0.25	10%	0.001	10%	0.03	10%	0.61
20%	0.50	20%	0.002	20%	0.05	20%	1.22
30%	0.76	30%	0.004	30%	0.08	30%	1.82
40%	1.01	40%	0.005	40%	0.10	40%	2.43
50%	1.48	50%	0.006	50%	0.13	50%	3.04
Obligated Level (GWh/d)	25.3		3.3		73.5		131.6

Estimated Project Costs, £m

£m

Storage Sites											
Garton		Cheshire	Fleetwood	Hornsea		Glenmavis		Partington		Barton Stacey	
Obligated Level				Obligated Level		Obligated Level		Obligated Level		Obligated Level	
2.5%	3.73	0.03	3.18	6.4%	5.01	10.0%	6.05	7.0%	0.05	8.7%	0.32
5.0%	7.46	0.06	6.47	12.9%	10.02	20.0%	12.10	14.0%	0.11	17.4%	0.85
7.5%	11.19	0.56	9.70	19.3%	15.35	30.0%	18.47	20.9%	2.88	26.1%	2.24
10.0%	14.92	0.75	12.93	25.7%	20.47	40.0%	27.72	27.9%	5.97	34.8%	11.30
12.5%	18.66	2.64	16.17	32.2%	25.58	50.0%	34.65	34.9%	7.46	43.5%	14.13
15.0%	22.39	3.17	19.75	38.6%	30.70			41.9%	9.91	52.1%	16.95
17.5%	26.12	3.70	23.04	45.0%	36.19			48.8%	11.57		
20.0%	29.85	4.73	26.33	51.5%	41.36			55.8%	13.22		
22.5%	33.58	5.32	29.62								
25.0%	37.31	5.91	32.91								
27.5%	41.04	6.50	36.20								
30.0%	44.77	7.09	40.19								
32.5%	48.50	14.96	43.54								
35.0%	54.85	16.11	46.89								
37.5%	58.76	20.53	50.24								
40.0%	67.46	21.90	53.59								
42.5%	74.84	23.26	56.93								
45.0%	80.59	24.63	60.28								
47.5%	85.07	26.00	63.63								
50.0%	89.54	27.37	75.06								
Obligated Level (GWh/d)	420	350.1	650		233.1		99.0		215		172.6

£m

Constrained LNG			
Avonmouth		Dynevor Arms	
Obligated Level		Obligated Level	
8.4%	2.40	10%	0.02
16.7%	4.80	20%	0.04
25.1%	7.20	30%	0.05
33.5%	9.59	40%	0.07
41.8%	12.53	50%	0.09
50.2%	17.27		
Obligated Level (GWh/d)	179.3		49

Estimated Project Costs, £m

£m

New Entry Points		
	Caythorpe	Portland
Obligated Level		
15	4.69	0.05
30	9.38	0.11
45	14.55	6.56
60	19.40	8.74
75	24.25	10.93
90	29.10	13.11
105	33.95	16.04
120	39.23	18.34
135	44.13	20.63
150	49.04	25.58
165	53.94	36.35
180	61.40	44.77
195	66.52	60.28
210	72.38	64.92
225	78.35	75.15
240	83.58	80.16
255	92.42	86.99
270	99.78	92.10
285	105.32	98.23
300	110.86	103.40