

The Statement of Gas Transmission Transportation Charges

Effective from 1 October 2006

National Grid's Gas Transmission System



Contents

	Page No
1 INTRODUCTION	4
2 SYSTEM ENTRY CAPACITY	6
3 CONSTRAINED LNG.....	9
4 NTS TO EXIT CAPACITY CHARGES	9
5 NTS COMMODITY CHARGES	13
6 COMPRESSION CHARGE	14
7 SYSTEM BALANCING CHARGE	14
8 OTHER CHARGES	14
9 APPENDIX A ESTIMATION OF PEAK DAILY LOAD FOR NON-DAILY METERED SUPPLY POINTS..	17
10 APPENDIX B NTS SO BASELINE ENTRY CAPACITY.....	17
11 APPENDIX C(I) AMSEC ENTRY CAPACITY	17
12 APPENDIX C(II) QSEC ENTRY CAPACITY	17
13 APPENDIX D QSEC STEP PRICES	17

1 Introduction

This publication sets out the transportation charges which apply from 1 October 2006 for the use of the NTS, as required by Standard Special Condition A4 of the National Grid NTS Gas Transporter Licence. This document does not override or vary any of the statutory, licence or Uniform Network Code obligations upon National Grid NTS. Further information on the methods and principles on which Transmission transportation charges are derived is set out in **The Statement of the Gas Transmission Transportation Charging Methodology**.

Details of National Grid and its activities can be found on the National Grid Internet site at www.nationalgrid.com. An electronic version of this publication, along with **The Statement of the Gas Transmission Transportation Charging Methodology** can be found on our web site.

For more information on the charges set out below, please contact our UK Transmission Charging team on **01926 654633**.

1.1 Uniform Network Code

The Uniform Network Code (UNC) forms the contractual framework between NTS and DN Gas Transporters, and the shippers whose gas is transported. It is supported by an integrated set of computer systems called UK Link. The charges and formulae in this booklet will be used in the calculation of charges within UK Link, which are definitive for billing purposes.

There are a number of areas of the UNC that impact upon the cost to shippers of using the transportation network, such as imbalance charges, scheduling charges, capacity overruns, top-up neutrality charges and contractual liability. Reference should be made to the UNC – as modified from time to time – for details of such charges and liabilities.

1.2 Units

Charges are expressed and billed as follows:

- Commodity - pence per kilowatt hour (kWh).
- Exit Capacity - pence per peak day kWh per day.
- Entry Capacity - pence per kWh per day.
- Fixed - pence per day.

1.3 Invoicing

Invoices derived from the transportation charges shown within this publication are produced and issued by xoserve. xoserve is the invoicing service provider to the NTS and the Distribution Networks (DNs). To clarify this link between pricing and invoicing, charge codes and invoice names are included in the tables.

For more information on invoicing, please contact the xoserve invoicing team via email at xo_css_billing@xoserve.com.

1.4 The National Grid NTS Transportation Price Control Formulae

Transportation charges are derived in relation to price control formulae which are set by Ofgem, the gas and electricity market regulator, for the transportation of gas. These formulae dictate the maximum revenue National Grid NTS can earn from the transportation of gas. Should National Grid NTS earn more or less than the maximum permitted revenue in any formula year, a compensating adjustment is made in the following year. Where a significant over- or under-recovery is anticipated within a year an adjustment to charges may be made during the year.

Since April 2002 the price control for the NTS has been divided into Transportation Owner (TO) and System Operator (SO) controls. Transportation charges are split to reflect these price control arrangements.

For NTS TO revenue, the target is to recover 50% from exit capacity and 50% from entry capacity. Exit capacity charges reflect the estimated long run marginal cost (LRMC) of developing the system to meet a sustained increase in demand and are determined by the exit zone to which a particular offtake point

belongs. Charges for entry capacity are not fixed but are determined by auctions which apply to all system entry points. For system entry capacity, the reserve prices for the auctions are based on the Unit Cost Allowance (UCA) for each existing entry point as set out in the National Grid NTS Gas Transporter Licence.

The unpredictability of entry auction revenue means that the TO revenue 50 / 50 split between entry and exit may not be achieved in practice. In the event of a forecast under-recovery of entry auction revenue against the entry target level, a TO commodity charge may be levied on entry flows.

SO revenue is recovered through the NTS SO commodity charge. This is a uniform charge, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. A distance-related commodity tariff, the optional NTS commodity charge, is also available as an alternative to both the SO and TO commodity charges.

1.5 Firm Transportation

Firm transportation charges for the NTS comprise capacity and commodity charges.

1.6 Interruptible Transportation

Interruptible transportation is available for supply points with Annual Quantities (AQs) of over 5,860 MWh per annum.

For supply points which have been nominated by a shipper as interruptible, the shipper will not pay the NTS (TO) exit capacity charge or the capacity element of the relevant LDZ charge. Where National Grid NTS nominates a supply point to be interrupted for more than 15 days in a particular year (measured from 1 April to 31 March) there is a transportation charge credit. For each day of interruption over 15 days, a transportation charge credit, equivalent to 1/15 of the annual NTS exit capacity and the relevant LDZ capacity charges avoided by having interruptible rather than firm transportation, is payable to the shipper. National Grid NTS has the right to interrupt these supply points for up to 45 days each year. The business rules for interruptible supply points are detailed in **The Statement of the Gas Transmission Transportation Charging Methodology**.

To help National Grid NTS run the network safely and securely the UNC defines two special types of interruptible supply points. These are Network Sensitive Load (NSL) and Transporter Nominated Interruptible (TNI).

NSLs are supply points where specific interruption may be required to maintain the supply of gas to firm supply points in the same area.

TNIs are supply points where National Grid NTS reserves the right to interrupt for more than 45 days each year.

National Grid NTS offers a number of services related to interruptible supply points:

- Allocation arrangements allow more than one shipper / supplier to supply interruptible gas to sites with AQs in excess of 58,600 MWh per annum. This flexibility of supplier enables the end user to make greater use of the competitive market and allows for alternative provision of gas during commercial interruption. Further details of this service are given in Section 8.2.

- The Partial Interruption service is designed to allow shippers to reduce offtake rates at supply points (to predetermined levels agreed between the shipper and the end user) where capacity exists, so that the site remains on a part-load, where otherwise it would have been fully interrupted.

- The Interruptible Supply Point Firm Allowance (IFA) is available to all interruptible supply points. It allows a guaranteed supply of 14,600 kWh per day (this figure can be higher if the capacity is available), where this allowance is subject to normal firm transportation charges. This enables end users to maintain their critical processes when their supply is interrupted.

- Transfer of Firm Offtake Capability. This allows a shipper to release capacity allocated to a firm supply point in order to meet the requirements of an interruptible supply point during an interruption notice. This is subject to system constraints and other eligibility criteria.

Details of all the above interruption services are available from gas suppliers / shippers or from National Grid Operations and Trading on **01455 893147**.

1.7 Theft of Gas

The licensing regime places incentives on transporters, shippers and suppliers to take action in respect of suspected theft of gas. Certain costs associated with individual cases of theft are recovered through transportation charges. National Grid NTS's charges reflect these requirements, with National Grid NTS remaining cash neutral in the process.

2 System Entry Capacity

National Grid is obliged to make available for sale system entry capacity by means of five related auction mechanisms. For each of the system entry points, capacity is made available on a firm and interruptible basis. All entry capacity is offered on a pence per kWh per day basis where the quantity is measured in terms of an end of day entitlement.

Interruptible capacity is limited to being offered on a daily basis in an auction that is conducted on the day ahead of the intended day of use.

Firm Entry Capacity is offered in bundles of quarters, months and days.

For further information on system entry capacity please refer to The Statement of the Gas Transmission Charging Methodology.

2.1 Quarterly System Entry Capacity

Entry capacity can be obtained through the Quarterly System Entry Capacity (QSEC) auction process up to 16 years ahead of the intended year of use. National Grid NTS has an obligation to make available a core baseline quantity which is calculated in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of National Grid NTS's GT Licence. The baseline quantity from which National Grid NTS's obligation is derived is set out in Appendix B of the current Transmission Transportation Statement. The minimum quantities to be offered in the Annual System Entry Capacity auctions, after taking into account a GT Licence requirement to hold back some capacity for short term allocation, is detailed in Appendix C(ii).

For each of the system entry points National Grid NTS has determined a baseline price and an additional 20 price steps for increments of capacity that may be demanded above the baseline quantity, as set out in the Statement of the Gas Transmission Transportation Charging Methodology. The step prices that are applicable for QSEC allocations are set out in Appendix D of the current Transmission Transportation Statement. Prices are published for each system entry point and are applicable for all periods in which QSEC is offered. Allocation of capacity will be conducted in accordance with the provisions set out in National Grid NTS's Incremental Entry Capacity Release (IECR) statement.

2.2 Monthly System Entry Capacity

For each of the system entry points Monthly System Entry Capacity (MSEC) is allocated by auction for a period no more than two years ahead of the period of use. The maximum quantities to be offered in MSEC allocations are also set out in Appendix C(i). MSEC auctions offer monthly tranches of firm capacity and are held in respect of each Aggregate System Entry Point (ASEP). Capacity is allocated in respect of each bid in descending price order starting at the highest bid until all monthly system entry capacity has been allocated or all valid bids have been considered. Successful bidders are liable to pay the bid price of each accepted or part accepted bid.

Following the final annual MSEC auction in which capacity is offered for a capacity year, any remaining quantities of entry capacity may be bought in a series of Rolling Monthly System Entry Capacity (RMSEC) auctions. RMSEC auctions can be conducted within a capacity year. The quantities to be offered will be any unsold baseline capacity that is carried over from the annual MSEC allocations. Each allocation will be conducted on one of 5 business days proceeding the last business day in a calendar month. The capacity offered in that allocation will be specific to the succeeding month only. As with annual MSEC the allocation is conducted on a pay as bid basis.

The lowest price that can be accepted in an MSEC allocation is the reserve price as set out in Table 2 in Section 2.4.

2.3 Daily System Entry Capacity

National Grid NTS offers two daily capacity services – a firm Daily System Entry Capacity service (DSEC) and a Daily Interruptible System Entry Capacity service (DISEC). Both services are offered through a tender process and are subject to minimum reserve prices. Successful bidders are liable to pay the bid price of each accepted or part accepted bid. Capacity is allocated, in respect of each bid, in descending price order until all capacity has been allocated or all valid bids have been considered.

The allocation of DSEC is initiated before the gas day and is repeated at intervals through to 02:00 hours on the gas day. Shippers may have up to 20 bids on the system at any one time. DSEC availability is presently defined in the UNC as the amount, determined by National Grid NTS, by which system entry capacity exceeds firm system entry capacity held by shippers.

DISEC is allocated by means of a single tender that is held on the day before the gas day. Shippers may submit up to 20 applications for this capacity in respect of each ASEP.

DISEC consists of any unutilised booked monthly capacity on a day. National Grid NTS determines the availability of capacity after consideration of the daily allocation levels at each ASEP on the day before the gas day. If, on a day, nominations from primary holders of firm capacity increase so that gas flow exceeds booked levels at an entry point, any DISEC service entitlements would be scaled back.

2.4 Entry Capacity Reserve Prices

To date all system entry capacity auctions have been subject to reserve prices.

The invoice codes and reserve prices applicable to MSEC and DSEC sold before the day are shown in Table 1 and Table 2, respectively. For DSEC sold on the day the reserve price has been set to zero since 1 October 2003. Reserve prices for DISEC are set at zero.

Table 1

Service	Invoice	Charge Code
MSEC	NTE	LTF
DSEC	NTE	DFC
DISEC	NTE	DIC

Table 2 Entry Capacity Reserve Prices for Capacity for use from 1 October 2006

Entry Point	Reserve Prices	
	Pence per kWh per day	
	MSEC	DSEC
Coastal Terminals & LNG Importation		
Bacton	0.0063	0.0042
Barrow	0.0005	0.0003
Easington&Rough	0.0012	0.0008
Isle of Grain	0.0064	0.0043
Milford Haven	0.0089	0.0059
St Fergus	0.0220	0.0147
Teesside	0.0020	0.0013
Theddlethorpe	0.0011	0.0007
Onshore Fields and Connections		
Burton Point	0.0001	0.0001
Hatfield Moor	0.0014	0.0009
Hole House Farm	0.0001	0.0001
Wytch Farm	0.0000	0.0000
Storage		
Barton Stacey	0.0000	0.0000
Cheshire	0.0001	0.0001
Garton	0.0013	0.0009
Glenmavis	0.0183	0.0122
Hatfield Moor	0.0014	0.0009
Hornsea	0.0053	0.0035
Partington	0.0003	0.0002
Constrained LNG		
Avonmouth	0.0022	0.0015
Dynevor Arms	0.0000	0.0000
New Entry Point		
Fleetwood	0.0000	0.0000

3 Constrained LNG

Shippers that book the constrained Liquefied Natural Gas (LNG) storage service, available from the LNG storage sites at Dynevor Arms and Avonmouth, undertake an obligation to provide transmission support gas to National Grid NTS on days of very high demand. In recognition of this, shippers receive a credit in respect of minimum booked storage deliverability. Full details of associated rules are available on request from National Grid NTS's LNG business unit. The credit, shown in Table 3, is deducted from the charge for the storage service.

Table 3 Constrained LNG Credit

Entry Point	Credit
	Pence per registered kWh per day
	From 1 May 2006
Avonmouth LNG	0.0057
Dynevor Arms LNG	0.0000

4 NTS TO Exit Capacity Charges

NTS TO exit capacity charges apply to loads supplied through existing NTS offtakes into Distribution Networks (DNs) and to large loads and interconnectors supplied directly from the NTS. The exit zone for a DN supply point is determined by its postcode.

For new loads supplied directly from the NTS, the exit zone charges provide an indication of the likely level of charges. However, in general, an individual exit zone will be created with its own charge for new NTS offtakes.

At present, National Grid NTS makes no charge for NTS exit capacity at storage points. This is on the basis that the transportation service to the storage points is interruptible. If a firm transportation service to storage were provided, a TO exit capacity charge would be payable.

There are four small towns in Scotland where LNG needs to be transported by road tanker to supply end users on distribution systems which are not physically connected to the main gas network. For these locations, NTS TO exit charges will be calculated on the basis that they are allocated to exit zone SC4, the location of the LNG storage site which supplies them.

The map at the beginning of this document gives the locations of the exit zones. Exit zones SC3, EA5, EA6 and EA7 have no offtakes.

The NTS TO Exit Capacity charges are given in Table 4.

Table 4 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	0.0030
	EA2	0.0112
	EA3	0.0040
	EA4	0.0121
	EM1	0.0033
	EM2	0.0008
	EM3	0.0086
	EM4	0.0070
North of England	NE1	0.0001
	NE2	0.0023
	NE3	0.0010
	NO1	0.0001
	NO2	0.0009
London	NT1	0.0228
	NT2	0.0148
	NT3	0.0164
North West	NW1	0.0092
	NW2	0.0081
Scotland	SC1	0.0001
	SC2	0.0011
	SC4	0.0001
South of England	SE1	0.0121
	SE2	0.0228
	SO1	0.0159
	SO2	0.0216
Wales & the West	SW1	0.0089
	SW2	0.0169
	SW3	0.0334
	WA1	0.0118
	WA2	0.0203
West Midlands	WM1	0.0072
	WM2	0.0078
	WM3	0.0086

Table 4 NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

	Pence per peak day kWh per day
NTS Sites	
AM Paper	0.0038
Baglan Bay PG	0.0230
Barking PG	0.0124
BASF Teesside	0.0001
BP Grangemouth	0.0001
BP Saltend (HP)	0.0010
Bridgewater Paper	0.0109
Brigg PG	0.0005
Brimsgate PG	0.0134
Brunner Mond	0.0038
Connahs Quay PG	0.0109
Corby PG	0.0050
Coryton PG	0.0093
Cottam PG	0.0005
Deeside PG	0.0109
Didcot PG	0.0171
Goole Glass	0.0001
Great Yarmouth PG	0.0030
Hays Chemicals	0.0038
ICI Runcorn	0.0111
Immingham CHP	0.0005
Keadby PG	0.0001
Kemira Ince	0.0111
Kings Lynn PG	0.0029
Kingsnorth PG	0.0098
Little Barford PG	0.0062
Longannet PG	0.0001
Medway PG	0.0098
Peterborough PG	0.0029
Peterhead PG	0.0001
Phillips Seal Sands	0.0001
Rocksavage PG	0.0111
Rosecote PG	0.0025
Rye House PG	0.0134
Saltend PG	0.0010
Sappi Paper Mill	0.0092
Seabank PG	0.0157
Sellafield PG	0.0025
Shotton Paper	0.0109
Spalding PG	0.0022
Stallingborough PG	0.0010
Staythorpe PG	0.0029
Sutton Bridge PG	0.0022
Teesside Hydrogen	0.0001
Teesside PG	0.0001
Terra Billingham	0.0001
Terra Severnside	0.0162
Thornton Curtis PG	0.0005
Zeneca	0.0001

Table 4 NTS TO Exit Capacity Charges (continued)

Invoice	Charge Code
CAP	NDX (DM)

	Pence per peak day kWh per day
Interconnectors	
Bacton I/C	0.0030
Moffat I/C	0.0001
Storage Sites	
Avonmouth	0.0157
Barton Stacey	0.0171
Dynevor Arms	0.0203
Garton	0.0010
Glenmavis	0.0001
Hatfield Moor	0.0001
Hole House Farm	0.0038
Hornsea	0.0010
Partington	0.0038
Rough	0.0010

5 NTS Commodity Charges

5.1 NTS TO Commodity Charge

The NTS TO commodity charge may be levied where an under-recovery of TO entry revenue against the entry target level is forecast. The charge is levied on entry flows only at entry terminals (but not storage facilities) and would address only a forecast TO revenue under-recovery that does not arise from NTS exit capacity charging.

The rate is identified in the commodity schedule given in Table 5. For the avoidance of doubt, the TO commodity rate would be set to zero where forecast entry TO revenue is at, or above, the entry revenue target level.

5.2 NTS SO Commodity Charge

The NTS SO commodity charge is a uniform rate, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. The rate is identified in Table 5 below.

Table 5 NTS Commodity Charges

Invoice	Charge Code
ECO	NCE
Pence per kWh	
TO Entry	0.0164
SO Entry	0.0114
Combined Rate	0.0278
Invoice	Charge Code
COM	NCO
Pence per kWh	
SO Exit	0.0114

NTS entry commodity (NCE) will be invoiced using the combined rate.

5.3 NTS Optional Commodity Charge

The optional NTS commodity tariff is available as an alternative to both the entry / exit NTS SO commodity charges and the NTS TO commodity charge. It may be attractive for large daily metered sites located near to entry terminals, since the NTS SO and TO commodity tariffs are not distance-related and can result in a relatively high charge for short distance transportation. This could give perverse economic incentives to build dedicated pipelines bypassing the NTS, resulting in an inefficient outcome for all system users.

The optional tariff applies in respect of gas delivered from the local specified terminal. The charge is site specific and is calculated by the function shown in Table 6 below.

Table 6 NTS Optional Commodity Charge

Invoice	Charge Code
ADU	880
Pence per kWh	
$1203 \times [(SOQ)^{-0.834}] \times D + 363 \times (SOQ)^{-0.654}$	

where **D** is the direct distance from the site or non-National Grid NTS pipeline to the elected terminal in km and **SOQ** is the registered supply point capacity in kWh. Note that ^ means “to the power of ...”

Further information on the NTS Optional Commodity tariff can be obtained from our UK Transmission Charging team on **01926 654633**.

6 Compression Charge

An additional charge is payable where gas is delivered into the National Grid NTS system at a lower pressure than that required, reflecting the need for additional compression. For gas delivered at the Total Oil Marine sub-terminal at St. Fergus, a compression charge is payable at the rate identified in Table 7 below.

Table 7 St. Fergus Compression Charge

Invoice	Charge Code
ADZ	900
	Pence per kWh
Compression	0.0084

7 System Balancing Charge

A system balancing commodity charge will be payable to reflect the costs of ensuring a balance between gas entering the system and gas offtaken. For shippers operating wholly under Uniform Network Code (UNC) arrangements, the system balancing charge is zero.

The system balancing commodity charge is calculated as: The sum of energy balancing charges which are or would be payable under the UNC less energy balancing charges paid by or to the Shipper pursuant to the UNC or any other arrangement divided by the total quantity offtaken.

Energy balancing charges are defined in the UNC and include imbalance charges, scheduling charges and any additional charges payable by or to the Shipper for the purpose of enabling National Grid NTS to balance system inputs and offtakes.

The system balancing charges will be determined following each calendar month by monitoring gas inputs and offtakes on a daily basis.

8 Other Charges

Other Charges include administration charges at Connected System Exit Points, Shared Supply Meter Points and Interconnectors.

8.1 Connected System Exit Points (CSEPs)

A CSEP is a system point comprising one or more individual exit points which are not supply meter points. Separate administration processes are required to manage the daily operations and invoicing associated with CSEPs, including interconnectors, for which an administration charge is made.

The administration charge which applies to CSEPs containing NDM and DM sites is given in Table 8.

Table 8 CSEP Administration Charge

Invoice	Charge Code
ADU	884
Charge per supply point	0.3288 pence per day (£1.20 per annum)

8.2 Shared Supply Meter Point Allocation Arrangements

National Grid NTS offers an allocation service for daily metered supply points with AQs of more than 58,600 MWh per annum. This allows up to four (six for VLDMCs) shippers / suppliers to supply gas through a shared supply meter point.

The allocation of daily gas flows between the shippers / suppliers can be done either by an appointed agent or by National Grid NTS.

The administration charges which relate to these arrangements are shown in Table 9. Individual charges depend on the type of allocation service nominated and whether the site is telemetered or non-telemetered.

Table 9 Shared Supply Meter Point Administration Charges (£ per shipper per supply point)

Invoice	Charge Code
ADU	884

Agent Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£183.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£2.96

National Grid NTS Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£202.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£3.05

8.3 Interconnector

8.3.1 Allocation Arrangements at Interconnectors

The allocation charges that apply at interconnectors (GB-Ireland and UK-Continent) and apply for each supply point are shown in Table 10. Allocating daily gas flows between shippers / suppliers can be done either by an appointed agent or by National Grid NTS. The same set up charge applies in either case. The daily charge depends on whether the service is provided through an agent or not.

Table 10 Allocation Charges at Interconnectors

Invoice	Charge Code	
ADU	884	
	Set up charge per shipper	Daily charge per shipper
Agent service	£141.70	£1.62
National Grid NTS service	£141.70	£2.46

8.3.2 Administration Charges at Moffat

The following administration charges apply only to the GB-Ireland interconnector at Moffat. The charges, which vary if the service is provided via an agent or National Grid NTS, are detailed in Table 11.

Table 11 Administration Charges for Moffat

Invoice	Charge Code
ADU	884

	Daily charge per shipper
Agent service	£15.08
National Grid NTS service	£30.16

The charges, with or without an agent, cover the operation of the flow control valve. In addition the National Grid NTS service provides the Exit Flow Profile Notice (EPN).

In the event that the appointed agent fails to provide an EPN to National Grid NTS, the following additional charge will apply:

EPN Default Charge per shipper per event is £0.63

9 Appendix A Estimation of Peak Daily Load for Non-Daily Metered Supply Points

For non-daily metered (NDM) supply points, the peak daily load is estimated using a set of End User Categories (EUCs). Each NDM supply point is allocated to an EUC. In each LDZ each EUC has an associated load factor, as listed in Table 13 and Table 14. The data in these tables applies for the gas year 1 October 2006 to 30 September 2007.

In the tables 'XX' refers to the LDZ Code (e.g. EA).

These EUCs depend upon the annual quantity (AQ) of the supply point and, in the case of monthly read sites, the ratio of winter to annual consumption where available.

9.1 Monthly Read Sites

It is mandatory for supply points with an annual consumption greater than 293 MWh to be monthly read. However, at the shipper's request, sites below this consumption may also be classified as monthly read.

For monthly read sites where the relevant meter reading history is available, the winter: annual ratio is the consumption from December to March divided by the annual quantity. If the required meter reading information is not available, the supply point is allocated to an EUC simply on the basis of its annual quantity.

The peak load for an NDM supply point may then be calculated as:

$$\frac{AQ \times 100}{365 \times LoadFactor}$$

For example,

For a supply point in Eastern LDZ with an annual consumption of 1,000 MWh per annum.

Assume consumption December to March inclusive is 550 MWh.

Winter annual ratio = $550 \div 1000 = 0.55$

For a site with an annual consumption of 1,000 MWh, a ratio of 0.55 falls within winter annual ratio band W03 as shown in Table 12 and the site is thus within End User Category EA:E0604W03.

For a site in this category, the load factor is 31.7% and the peak daily load is therefore,

$$\frac{1000 \times 100}{365 \times 31.7} = 8.64 \text{ MWh}$$

If the required meter reading information is not available to calculate the winter annual ratio, the supply point is allocated to an EUC simply on the basis of its annual quantity, in this case EA:E0604B.

For a site in this category, the load factor is 34.7% and the peak daily load is therefore,

$$\frac{1000 \times 100}{365 \times 34.7} = 7.90 \text{ MWh}$$

9.2 Six monthly read sites

In the case of six monthly read sites, the supply point is allocated to an EUC simply on the basis of its annual quantity.

For example,

For a supply point in Eastern LDZ with an annual consumption of 200 MWh per annum, the EUC will be EA:E0602B.

For a site in this category, the load factor is 32.3% and the peak daily load is therefore

$$\frac{200 \times 100}{365 \times 32.3} = 1.70 \text{ MWh}$$

9.3 Notes

The term LDZ is applied in the context of its usage with reference to the Uniform Network Code (UNC) daily balancing regime. This is not precisely the same as the term LDZ when it is used in the context of National Grid NTS's organisation structure.

For supply points whose consumption is over 73,200 kWh and which include one or more NDM supply meter points, an end user category code can be found in the supply point offer generated by UK Link. This code may be correlated with the end user category code shown opposite by means of a lookup table issued separately to shippers. Copies are available from the xoserve Supply Point Administration Management team on **0121 713 5569**.

For additional information regarding the demand estimation process, please contact National Grid's Demand Estimation Team on **01926 656149**.

9.4 Daily metered supply points

The SOQ of daily metered sites is known and hence no load factor is required.

Supply points with annual consumptions greater than 58,600 MWh should be daily metered. However, a handful of sites remain as non-daily metered as a result of difficulties installing the daily read equipment. In such cases the end user category code XX:E0609B is used.

Firm supply points with an AQ above 73.2 MWh pa may, at the shipper's request, be classified as daily metered. All interruptible supply points are daily metered.

9.5 Consultation on end user categories

Section H of the Uniform Network Code requires the transporter to publish its demand estimation proposals for the forthcoming supply year (NDM Profiling and Capacity Estimation Algorithms for 2006/07, June 2006), by the end of June each year. These proposals comprise end user category definitions, NDM profiling parameters (ALPs and DAFs), and capacity estimation parameters (EUC load factors). Analysis is presented to users and the Demand Estimation Sub-Committee (a sub-committee of the UNC Committee) is consulted before publication of its proposals.

The following tables define the end user category for particular LDZs by reference to annual consumption and winter annual ratio, applicable from 1 October 2006 to 30 September 2007.

Table 12 Definition of End User Categories

EUC Code	Annual Load (MWh)	Winter Annual Ratios (WAR)			
		W01	W02	W03	W04
xx:E0601B	0 to 73.2	-	-	-	-
xx:E0602B	73.2 to 293	-	-	-	-
xx:E0603B	293 to 732	0.00 - 0.46	0.46 - 0.54	0.54 - 0.61	0.61 - 1.00
xx:E0604B	732 to 2,196	0.00 - 0.46	0.46 - 0.54	0.54 - 0.61	0.61 - 1.00
xx:E0605B	2,196 to 5,860	0.00 - 0.43	0.43 - 0.50	0.50 - 0.58	0.58 - 1.00
xx:E0606B	5,860 to 14,650	0.00 - 0.37	0.37 - 0.46	0.46 - 0.55	0.55 - 1.00
xx:E0607B	14,650 to 29,300	0.00 - 0.35	0.35 - 0.41	0.41 - 0.51	0.51 - 1.00
xx:E0608B	29,300 to 58,600	0.00 - 0.33	0.33 - 0.37	0.37 - 0.45	0.45 - 1.00
xx:E0609B	> 58,600	-	-	-	-

Table 13 Small NDM Supply Points (Up to 2,196 MWh per annum)

xx: = LDZ =	EA	EM	NE	NO	NT	NW	SC	SE	SO	SW	WM	WN	WS
xx:E0601B	34.6%	37.1%	36.9%	34.4%	33.4%	37.2%	39.2%	32.4%	29.8%	32.3%	33.3%	37.2%	34.0%
xx:E0602B	32.3%	32.4%	29.4%	29.1%	35.2%	33.5%	38.0%	32.8%	31.2%	28.3%	30.0%	33.5%	28.9%
xx:E0603B	33.9%	33.8%	32.3%	32.3%	33.3%	35.4%	39.7%	31.8%	30.5%	30.0%	28.2%	35.4%	31.7%
xx:E0603W01	55.8%	56.2%	53.2%	53.3%	58.9%	54.9%	55.6%	57.8%	54.1%	56.0%	51.3%	54.9%	54.9%
xx:E0603W02	44.5%	43.0%	42.8%	37.1%	43.8%	42.1%	43.0%	44.1%	40.8%	43.4%	39.3%	42.1%	41.5%
xx:E0603W03	31.7%	30.9%	30.5%	27.1%	32.5%	29.6%	32.3%	32.0%	29.7%	29.8%	27.8%	29.6%	29.2%
xx:E0603W04	24.2%	24.5%	23.9%	22.3%	24.3%	24.0%	26.6%	24.3%	21.5%	23.1%	21.7%	24.0%	22.8%
xx:E0604B	34.7%	34.9%	35.3%	32.4%	36.3%	36.1%	41.0%	35.5%	31.6%	34.7%	31.6%	36.1%	32.9%
xx:E0604W01	55.8%	56.2%	53.2%	53.3%	58.9%	54.9%	55.6%	57.8%	54.1%	56.0%	51.3%	54.9%	54.9%
xx:E0604W02	44.5%	43.0%	42.8%	37.1%	43.8%	42.1%	43.0%	44.1%	40.8%	43.4%	39.3%	42.1%	41.5%
xx:E0604W03	31.7%	30.9%	30.5%	27.1%	32.5%	29.6%	32.3%	32.0%	29.7%	29.8%	27.8%	29.6%	29.2%
xx:E0604W04	24.2%	24.5%	23.9%	22.3%	24.3%	24.0%	26.6%	24.3%	21.5%	23.1%	21.7%	24.0%	22.8%

Table 14 Large NDM Supply Points (2,196 and above MWh per annum)

xx: = LDZ =	EA	EM	NE	NO	NT	NW	SC	SE	SO	SW	WM	WN	WS
xx:E0605B	37.8%	40.1%	38.0%	36.0%	40.4%	40.3%	42.4%	37.7%	35.0%	38.1%	35.2%	40.1%	38.0%
xx:E0605W01	64.0%	61.2%	61.1%	58.6%	62.8%	59.8%	61.9%	62.8%	60.7%	62.7%	58.8%	59.6%	64.2%
xx:E0605W02	48.2%	45.6%	45.6%	43.7%	48.6%	47.0%	48.0%	48.5%	44.9%	45.3%	42.6%	46.8%	45.7%
xx:E0605W03	37.8%	35.8%	35.8%	31.5%	38.1%	34.6%	36.4%	37.2%	33.3%	35.6%	33.1%	34.4%	35.2%
xx:E0605W04	26.6%	25.9%	25.2%	23.5%	26.7%	25.8%	28.2%	26.3%	23.3%	25.2%	23.6%	25.6%	25.3%
xx:E0606B	41.9%	44.8%	44.5%	40.0%	45.0%	46.2%	47.5%	44.1%	37.9%	44.2%	42.2%	46.0%	42.8%
xx:E0606W01	76.6%	73.0%	73.0%	71.0%	76.4%	72.2%	72.1%	76.3%	74.3%	74.7%	72.5%	72.1%	74.8%
xx:E0606W02	55.8%	52.4%	52.2%	51.0%	55.3%	54.0%	54.2%	54.8%	52.0%	54.2%	50.5%	53.8%	54.4%
xx:E0606W03	43.0%	39.2%	39.0%	38.8%	42.4%	42.1%	41.3%	42.1%	38.7%	40.9%	37.5%	41.9%	39.6%
xx:E0606W04	30.2%	27.9%	27.6%	25.0%	29.7%	27.8%	27.6%	29.4%	27.1%	29.2%	26.2%	27.7%	28.3%
xx:E0607B	50.2%	50.2%	50.0%	47.3%	49.6%	50.6%	52.7%	49.1%	42.1%	43.2%	48.1%	50.4%	43.4%
xx:E0607W01	77.6%	75.8%	75.7%	75.1%	77.4%	75.8%	75.9%	77.3%	76.7%	77.3%	75.4%	75.8%	76.5%
xx:E0607W02	61.3%	61.3%	61.1%	58.8%	60.9%	61.2%	61.4%	60.5%	58.4%	60.2%	59.6%	61.0%	60.3%
xx:E0607W03	44.6%	45.4%	44.9%	41.8%	44.1%	45.1%	45.1%	43.5%	40.7%	43.1%	43.1%	44.9%	43.2%
xx:E0607W04	32.1%	32.2%	31.7%	29.2%	31.6%	32.2%	32.0%	31.3%	28.8%	30.8%	30.5%	32.0%	30.1%
xx:E0608B	59.2%	59.4%	59.2%	61.6%	58.6%	64.5%	64.6%	58.2%	55.2%	57.4%	57.5%	64.3%	56.9%
xx:E0608W01	88.8%	88.6%	88.6%	88.6%	88.7%	88.7%	88.7%	88.7%	88.7%	88.7%	88.6%	88.7%	88.7%
xx:E0608W02	74.7%	75.2%	75.0%	73.3%	74.4%	75.1%	75.2%	74.2%	72.7%	73.9%	74.0%	75.0%	73.9%
xx:E0608W03	57.1%	58.0%	57.8%	54.7%	56.6%	57.9%	57.6%	56.2%	53.8%	55.8%	56.0%	57.7%	55.9%
xx:E0608W04	38.2%	38.4%	37.8%	34.7%	37.7%	38.0%	37.9%	37.3%	34.6%	36.7%	36.0%	37.8%	35.9%
xx:E0609B	66.8%	67.6%	67.4%	64.8%	66.4%	67.5%	67.7%	66.0%	63.7%	65.6%	65.7%	67.3%	65.7%

10 Appendix B NTS SO Baseline Entry Capacity

Table 15 below details the NTS SO baseline entry capacity GWh/day identified in National Grid NTS's GT Licence (Special condition C8B, Schedule A, Table A2) and used as the basis for determination of minimum annual quantities to be offered. All quantities identified are for a 12-month period from April to March inclusive.

Table 15 NTS SO Baseline Entry Capacity (GWh/day)

Terminal	2006/7 – 2020/21
Coastal Terminals and LNG Importation	
Bacton	1,745
Barrow	712
Easington/Rough	1,062
Isle of Grain	218
Milford Haven	0
St Fergus	1,677
Teesside	761
Theddlethorpe	848
Onshore Fields and Connections	
Burton Point	55
Hatfield Moor	1
Hole House Farm	26
Wytch Farm	3.2
Storage Sites	
Barton Stacey	0
Cheshire	214
Garton	0
Glenmavis	99
Hatfield Moor	54
Hornsea	175
Partington	215
Constrained LNG	
Avonmouth	149
Dynevor Arms	50
New Entry Point	
Fleetwood	0

11 Appendix C(i) AMSEC Entry Capacity

Obligated system entry capacity offered in Annual System Entry Capacity auctions is determined in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of National Grid NTS's GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with National Grid NTS's IECR statement.

National Grid will conduct the MSEC auctions (next to be held in February 2007) and will publish the quantity of System Entry Capacity being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point along with reserve prices in an invitation letter to the community. The letter will also be sent by E-Mail (RGTA distribution list) and fax (business hours operational list) and will be posted on the National Grid web site under Gas/Operational Data/Capacity Auctions.

12 Appendix C(ii) QSEC Entry Capacity

Obligated system entry capacity to be offered in the next Annual System Entry Capacity auctions is determined in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of National Grid NTS's GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with National Grid NTS's IECR statement.

National Grid will conduct the QSEC auctions and will publish the quantity of System Entry Capacity being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point along with reserve prices in an invitation letter to the community. The letter will also be sent by E-Mail (RGTA distribution list) and fax (business hours operational list) and will be posted on the National Grid web site under Gas/Operational Data/Capacity Auctions.

13 Appendix D QSEC Step Prices

Below are the entry capacity reserve prices together with the price steps for each incremental capacity for use in the auctions of Quarterly System Entry Capacity.

Pence/kWh/day

	Coastal Terminals & Importation Facilities							
	Bacton	Easington&Rough	Theddlethorpe	St Fergus	Teesside	Barrow	Milford Haven	Isle of Grain
Baseline	0.0063	0.0012	0.0011	0.0220	0.0020	0.0005	0.0089	0.0064
2.5%	0.0064	0.0013	0.0012	0.0221	0.0021	0.0006	0.0093	0.0066
5.0%	0.0066	0.0014	0.0013	0.0222	0.0022	0.0007	0.0097	0.0068
7.5%	0.0067	0.0015	0.0014	0.0223	0.0023	0.0008	0.0100	0.0069
10.0%	0.0068	0.0016	0.0015	0.0224	0.0024	0.0009	0.0101	0.0070
12.5%	0.0070	0.0018	0.0016	0.0225	0.0025	0.0010	0.0103	0.0072
15.0%	0.0072	0.0019	0.0017	0.0227	0.0026	0.0011	0.0108	0.0075
17.5%	0.0074	0.0021	0.0018	0.0229	0.0027	0.0012	0.0114	0.0077
20.0%	0.0076	0.0023	0.0019	0.0236	0.0028	0.0013	0.0120	0.0079
22.5%	0.0078	0.0025	0.0020	0.0259	0.0029	0.0014	0.0127	0.0081
25.0%	0.0080	0.0027	0.0021	0.0287	0.0030	0.0015	0.0134	0.0083
27.5%	0.0082	0.0029	0.0022	0.0306	0.0031	0.0016	0.0142	0.0085
30.0%	0.0084	0.0031	0.0023	0.0319	0.0032	0.0017	0.0150	0.0086
32.5%	0.0086	0.0033	0.0024	0.0334	0.0033	0.0018	0.0159	0.0087
35.0%	0.0087	0.0034	0.0025	0.0346	0.0034	0.0019	0.0167	0.0089
37.5%	0.0089	0.0036	0.0026	0.0358	0.0035	0.0020	0.0171	0.0090
40.0%	0.0091	0.0037	0.0027	0.0367	0.0036	0.0021	0.0175	0.0091
42.5%	0.0092	0.0039	0.0028	0.0371	0.0037	0.0022	0.0179	0.0092
45.0%	0.0094	0.0040	0.0029	0.0374	0.0038	0.0023	0.0183	0.0093
47.5%	0.0095	0.0041	0.0030	0.0378	0.0039	0.0024	0.0186	0.0095
50.0%	0.0096	0.0043	0.0031	0.0381	0.0040	0.0025	0.0189	0.0096
Baseline (GWh)	1745	1062	848	1677	761	712	950	453

Pence/kWh/day

Onshore Fields and Connections							
Hatfield Moor		Wyth Farm		Burton Point		Hole House Farm	
Baseline	0.0014	Baseline	0.0000	Baseline	0.0001	Baseline	0.0001
10%	0.0016	10%	0.0001	10%	0.0002	10%	0.0002
20%	0.0017	20%	0.0002	20%	0.0003	20%	0.0003
30%	0.0018	30%	0.0003	30%	0.0004	30%	0.0004
40%	0.0019	40%	0.0004	40%	0.0005	40%	0.0005
50%	0.0020	50%	0.0005	50%	0.0006	50%	0.0006
Baseline (GWh)	55		3.2		55		26

Pence/kWh/day

Constrained LNG			
Avonmouth		Dynevov Arms	
Baseline	0.0022	Baseline	0.0000
10%	0.0027	10%	0.0012
20%	0.0029	20%	0.0022
30%	0.0030	30%	0.0030
40%	0.0039	40%	0.0038
50%	0.0043	50%	0.0044
Baseline (GWh)	149		50

Appendix D QSEC Step Prices continued

Pence/kWh/day

Storage Sites											
Garton		Cheshire		Hornsea		Glenmavis		Partington		Barton Stacey	
Baseline	0.0013	Baseline	0.0001	Baseline	0.0053	Baseline	0.0183	Baseline	0.0003	Baseline	0.0000
2.5%	0.0014	7.5%	0.0002	8.33%	0.0056	10%	0.0184	6.25%	0.0004	10%	0.0002
5.0%	0.0015	15.0%	0.0003	16.67%	0.0059	20%	0.0185	12.50%	0.0005	20%	0.0004
7.5%	0.0016	22.5%	0.0004	25.00%	0.0063	30%	0.0186	18.75%	0.0006	30%	0.0005
10.0%	0.0017	30.0%	0.0005	33.33%	0.0066	40%	0.0187	25.00%	0.0007	40%	0.0006
12.5%	0.0018	37.5%	0.0006	41.67%	0.0068	50%	0.0188	31.25%	0.0008	50%	0.0007
15.0%	0.0019	45.0%	0.0007	50.00%	0.0070			37.50%	0.0009		
17.5%	0.0020	52.5%	0.0008					43.75%	0.0010		
20.0%	0.0021	60.0%	0.0009					50.00%	0.0011		
22.5%	0.0022	67.5%	0.0010								
25.0%	0.0023	75.0%	0.0011								
27.5%	0.0024	82.5%	0.0012								
30.0%	0.0025	90.0%	0.0013								
32.5%	0.0026	97.5%	0.0016								
35.0%	0.0027	105.0%	0.0020								
37.5%	0.0028	112.5%	0.0023								
40.0%	0.0029	120.0%	0.0027								
42.5%	0.0030	127.5%	0.0031								
45.0%	0.0031	135.0%	0.0035								
47.5%	0.0032	142.5%	0.0040								
50.0%	0.0033	150.0%	0.0044								
Baseline (GWh)	420		214		175		99		215		90

Pence/kWh/day

New Entry Point	
GWh	Fleetwood
Baseline	0.0000
65	0.0001
130	0.0002
195	0.0025
260	0.0049
325	0.0073
390	0.0074
455	0.0075
520	0.0076
585	0.0077
650	0.0083
715	0.0089
780	0.0095
845	0.0100
910	0.0103
975	0.0106
1040	0.0108
1105	0.0111
1170	0.0115
1235	0.0119
1300	0.0124
Baseline (GWh)	0