

All Shippers & Interested Parties

Steve Fisher  
Gas Charging & Capacity  
Development Manager  
Steve.r.fisher@nationalgrid.com  
Direct tel +44 (0)1926 653428

www.nationalgrid.com

7 January 2016

Dear Industry Participant

### Notice of NTS Annual Yearly (Entry and Exit) Interconnection Point (IP) Reserve Prices

Under the changes introduced under Capacity Allocation Mechanism (CAM) effective from 1 November 2015, Interconnection Points (IPs) have different capacity auction products, structures and timings.

Reserve prices for the Annual Yearly Auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – Charging Methodologies<sup>1</sup>, Section B of the European Interconnection Document (EID) – Capacity<sup>2</sup> and the Entry Capacity Release (ECR) Methodology Statement<sup>3</sup>.

The first Annual Yearly Auctions for Entry and Exit Capacity for Interconnection Points (IPs) will be held in March 2016 for capacity from 1 October 2016 to 30 September 2031.

National Grid is publishing this Notice of NTS transportation charges at least one month in advance of the next Annual Yearly Auctions, consistent with our Licence.

Entry reserve prices at IPs and final Exit reserve prices at IPs are set using a Transportation Model which will include:

- The supply and demand forecast for 2016/17<sup>4</sup> taken from the 2015 Gas Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2016/17.
- The latest expansion constant for the investment costs.

The reserve prices for the Entry Annual Yearly<sup>5</sup> IP Auction are detailed in Table 1.

The reserve prices for the Exit Annual Yearly IP Auction are based on the Indicative prices that were published for 2016/17 in May 2015<sup>6</sup>. The Final Exit prices for the Gas Year 2016/17 (1 October 2016 to 30 September 2017) will be published in May 2016. The current indicative prices for capacity from 1 October 2016 are detailed in Table 2.

<sup>1</sup> [http://www.gasgovernance.co.uk/sites/default/files/TPD%20Section%20Y%20-%20Charging%20Methodologies\\_18.pdf](http://www.gasgovernance.co.uk/sites/default/files/TPD%20Section%20Y%20-%20Charging%20Methodologies_18.pdf)

<sup>2</sup> [http://www.gasgovernance.co.uk/sites/default/files/EID%20Section%20B%20-%20Capacity\\_1.pdf](http://www.gasgovernance.co.uk/sites/default/files/EID%20Section%20B%20-%20Capacity_1.pdf)

<sup>3</sup> <http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Entry-Capacity-Release-Methodology-Statement/>

<sup>4</sup> Different years modelled for the reserve prices for the Annual Yearly Auction compared to the QSEC Auction, hence the prices may be different.

<sup>5</sup> These prices will also be applicable for the Entry Annual Quarterly Auction.

<sup>6</sup> <http://www.gasgovernance.co.uk/sites/default/files/Exit%20capacity%20notice%201%20may%202015.pdf>

Details of the prices can also be found in Appendix F of the NTS Gas Transportation Charges Statement 1 October 2015<sup>7</sup>.

NTS large price steps for an Auction (Annual Yearly IP (Entry and Exit)) will be the greater of 5% of the applicable reserve price and 0.0001 p/kWh/day.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact Laura Butterfield on 01926 656160 or email at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

Yours sincerely

Steve Fisher  
Gas Charging & Capacity Development Manager

---

<sup>7</sup> <http://www.gasgovernance.co.uk/ntschargingstatements>

Table 1 – Entry Reserve Price for Interconnection Points for Annual Yearly Auctions

<b>EU Interconnector Points (IPs)</b>	<b>from 1 Oct 16 Pence per kWh per day</b>
Bacton IP	<b>0.0106</b>

Table 2 – Exit Indicative Reserve Price<sup>8</sup> for Interconnection Points for Annual Yearly Auctions

<b>Offtake Point</b>	<b>Type of Offtake</b>	<b>from 1 Oct 16 Pence per kWh per day (Indicative)</b>
Bacton IUK	INTERCONNECTOR	<b>0.0031</b>
Bacton BBL	INTERCONNECTOR	<b>0.0031</b>
Moffat (Irish Interconnector)	INTERCONNECTOR – FIRM, EXIT ONLY	<b>0.0059</b>

<sup>8</sup> <http://www.gasgovernance.co.uk/sites/default/files/Exit%20capacity%20notice%201%20may%202015.pdf>