



St Lawrence House
Station Approach
Horley
Surrey
RH6 9HJ

Joint Office of Gas Transporters
First Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

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Indicative Exit Capacity Charges (ECN) to be applied from 1st October 2012

1.0 Introduction

Following the implementation of Uniform Network Code Modification 0195AV industry arrangements for the charging of NTS Exit Capacity costs will change on the 1st October 2012. National Grid Transmission will invoice gas Distribution Networks (DNs) for booked NTS Exit Capacity and DNs will invoice gas shippers in line with DNPC06 ("Proposals for LDZ Charges to Recover NTS Exit Capacity Charges").

2.0 Indicative Exit Capacity Charges (ECN) to be applied from 1st October 2012

This notification provides confirmation of indicative ECN charges from the 1st October 2012 by Exit Zone. Final notification will be given by the required notice period prior to 1st October 2012.

Exit Zone	Capacity p/peak day KWh/day
SO1	0.0151
SO2	0.0258
SE1	0.0165
SE2	0.0165

3.0 Assumptions relating to the calculation of the ECN charges

These charges have been calculated using the Notice of Final NTS Exit Capacity Charges published on the 1st May 2012.

The ECN charges reflect the submitted capacity bookings to NTS for the period 1st October 2012 to the 30th September 2013.

The South East Local Distribution Zone.

The Local Transmission System in the South East LDZ is highly integrated with customers being supplied by a number of SGN's offtakes at various times throughout the gas year.

One of the consequences of this integration is the capacity which is booked at the NTS Offtake into Exit Zone SE2 flows through to customers located in Exit Zone SE1 in order to operate the network efficiently. Exit charges are now based on the capacity booked at Entry points for a zone and are then charged via the nominated SOQ to customers in the Exit Zone, the SE LDZ has two Exit charging zones SE1 and SE2. In Exit zone SE2 this means that because the capacity booked and the associated charges are greater than the volume used in SE2 customers would have to pay higher charges than the capacity used.

We believe this is an unintended consequence of the change in the charging methodology and in order to overcome this issue Southern Gas Networks are proposing to aggregate all of the NTS exit capacity charges in the SE LDZ (Exit Zones SE1 and SE2) which will result in Shippers paying the same ECN Exit charges reflecting the fact that all NTS exit points provide the required capacity.

If you require any further information please contact:-
Joel Martin Pricing Manager 0131 4691813
Joanne Parker Pricing Manager 02380 816705
or via email pricingteam@sgn.co.uk