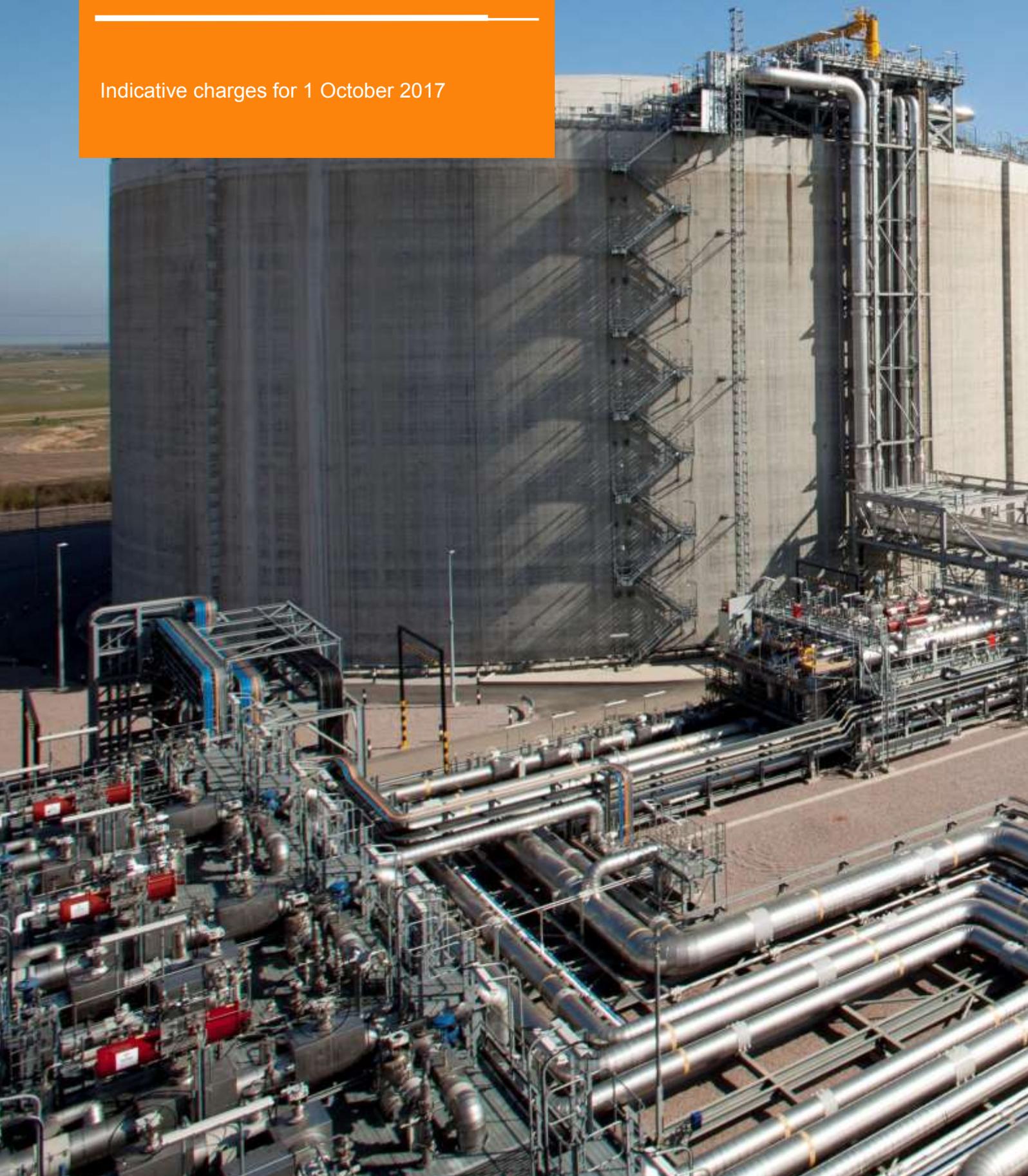


# Notice of Indicative Gas Transmission Transportation Charges

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Indicative charges for 1 October 2017



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## Introduction

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This notice is issued in line with National Grid's Gas Transporters Licence in respect of the NTS ("the Licence"). The Licence requires National Grid to provide at least 150 days' notice of changes to its gas transportation charges (the 'indicative' notice). This notice is issued with respect to changes that will apply from 1 October 2017. A Notice of the actual charges will be published by 1 August 2017, to provide the two months' notice required by the Licence and Network Code obligations.

**For the avoidance of doubt all charges not mentioned in this notice are unchanged from those in the 1 April 2017 Transportation Charging Statement.**

This notice is split into four parts:

- **TO Charges**
  - TO Entry and Exit Commodity
- **SO Charges**
  - SO Entry and Exit Commodity
  - St Fergus Compression
- **Tools and Supporting Information**
- **Appendices**

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### Basis of preparing Indicative charges

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National Grid sets its charges to recover the price control allowances set by Ofgem. The current RIIO-T1 price control applies from 1 April 2013 to 31 March 2021.

### Charging Base

Although the new Demand Statements for May 17 have not been released, the Summer Outlook Report has been published and used to adjust our view of gas demand in 2017/18. The revised charging base is slightly lower (-6 TWh) to that forecast at April 2017 charge setting.

Compared to the forecast at April 2017 we are expecting changes within two sectors of demand. Forecast gas exports to Europe are lower (11 TWh) whilst power generation is forecast to be about 5 TWh higher than the previously forecast.

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## TO Charges

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### TO Allowed Revenues

TO Maximum allowed revenue, TO MAR (which is shared 50:50 between Entry and Exit activities) remains at the same level used to calculate the TO charges for the April 2017 charge setting (£848m).

A summary table of Allowed Revenues is shown in **Appendix 1** of this document.

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#### NTS TO Entry Commodity charge

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The NTS TO Entry Commodity charge levied on entry flows is estimated to increase to **0.0545** p/kWh from its current rate of 0.0530 p/kWh and from an average rate for 2016/17 of 0.0488 p/kWh, representing an increase of 3% and 11% respectively. The increase is due to the forecast reduction in the charging base.

Given the uncertainty around the TO allowed revenue and forecast volumes, we have calculated the range may vary from 0.0490 p/kWh (-8%) to 0.0577 p/kWh (8%).

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#### NTS TO Exit Commodity charge

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The TO Exit Commodity charge is expected to increase from its current rate of 0.0234 p/kWh to **0.0237** p/kWh, an increase of 1%, and an increase of 10% on the 2016/17 average of 0.0215 p/kWh.

The TO Exit Commodity charge is used to collect a potential shortfall in Exit Capacity income compared to the allowed. The shortfall is estimated to be about £3m lower than the forecast at April 2017 charge setting. The increase in the rate is due to the revised demand forecast.

There are a number of uncertainties around the calculation of this charge which include the

forecast Exit Capacity bookings, including any Exit Capacity reduction applications, and the charging base. Taking these factors into account, we estimate the range around this charge to be around 0.0213 p/kWh (-10%) and 0.0261 p/kWh (+10%).

A summary of TO Commodity charges can be found in **Appendix 2**.

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#### NTS TO Exit Capacity charges

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NTS TO Exit Capacity charges, effective from 1 October 2017, have been published in a **separate notice** on 27 April 2017<sup>1</sup> and are also available in **Appendix 3** of this document.

A summary of the Exit Capacity charges relating to the Interconnector Points (IPs) is available in **Appendix 4**. For further details on these charges please see our Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices which has also been published on 27 April 2017<sup>2</sup>.

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<sup>1</sup> Please note that the October 2017 charges (along with 2018/19 to 2020/21 indicative charges) were also published on 27 April 2017 for the user commitment in the 2017 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www2.nationalgrid.com/uk/Industry-information/System-charges/Gas-transmission/Current-charges/>

<sup>2</sup> Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2017 and Indicative NTS Exit (Flat) Capacity Charges for the 2017 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

<sup>2</sup> Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices can be found at <http://www.gasgovernance.co.uk/ntscharges/2017>

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## SO Charges

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### SO Allowed Revenues

The SO allowed revenue is expected to decrease by £9m to £206m, compared to when charges were set for April 2017. Revenue from other sources has increased by £3m therefore the amount to collect through SO Commodity charge has decreased by about £12m.

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#### NTS SO Commodity Charge

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The Indicative level of the NTS SO Commodity charge, as applied to both entry and exit flows, is **0.0093** p/kWh compared to the current rate of 0.0105 p/kWh (-11%) and from an average rate for 2016/17 of 0.0136 p/kWh (-29%). This decrease in rate is principally driven by the change in SO revenue to be collected.

Forecast demand and external costs such as shrinkage, in particular unforeseen changes in gas costs and/or unaccounted for gas (UAG) volumes, are the key variables in calculating this charge. We believe that the potential variation in our estimate of the SO commodity charge is in the region of +/-10%.

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#### Other SO Charges

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The St Fergus Compression charge levied at the North Sea Midstream Partners (NSMP) sub-terminal at St. Fergus is expected to decrease from its current level of 0.0103 p/kWh to an Indicative level of **0.0085** p/kWh (-17%) and compared to an average rate of 0.0127 p/kWh during 2016/17, a decrease of 26%. Our forecast of the costs for the compression at the sub-terminal are slightly lower, but forecast flows at the sub-terminal remain as forecast at April 2017. We estimate the range on this charge to be -30% / +30% on our forecast of the St Fergus Compression charge.

A summary of the SO charges can be found in **Appendix 2**.

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## Supporting Information

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Guidance and supporting charge setting information will be made available on the National Grid website at <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Tools-and-Models/>.

There will be an opportunity to discuss these changes at a subsequent NTS Charging Methodology Forum (NTSCMF), details of which can be found at <http://www.gasgovernance.co.uk/ntscmf>.

If you are unable to attend NTSCMF or would prefer to obtain information about our charges via a different route or would like to provide feedback on how we present and explain changes to our charges, we would welcome any suggestions that would enable us to help.

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### Getting in touch

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If you have any questions or feedback about this document, or NTS charges in general, please contact Karin Elmhirst (01926 655540) and at [karin.elmhirst@nationalgrid.com](mailto:karin.elmhirst@nationalgrid.com) or email the Transmission charging team at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

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### Other information

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Further information on the methods and principles on which Transmission transportation charges are derived is set out in Uniform Network Code (UNC) – Transportation Principal Document, Section Y – Charging Methodologies. A copy of the UNC can be found at [www.gasgovernance.co.uk/TPD](http://www.gasgovernance.co.uk/TPD).

Details of National Grid and its activities can be found on the National Grid Internet site at <http://www2.nationalgrid.com/>.

An electronic version of this publication can be found on our web site at [www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Current-charges/](http://www2.nationalgrid.com/UK/Industry-information/System-charges/Gas-transmission/Current-charges/).

For an overview of our commitment to customers, please see: <http://www.nationalgrid.com/uk/EnergyandServices/TransmissionCustomerCommitment/>

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## Appendix 1

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### Forecast Allowed Revenues for financial year 2017/18

	£m		
	At Oct 17 Indicative	at April 17	Change
TO Maximum Allowed Revenue	848	848	0
SO Maximum Allowed Revenue	215	206	-9
NTS TO Entry Commodity	338	338	0
NTS TO Exit Commodity	147	150	-3
NTS SO Commodity (Entry & Exit)	121	133	-12
St. Fergus Compression	16.7	18.3	-1.6

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## Appendix 2

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### Summary of Commodity Charges

The table below summarises the Indicative changes to the Commodity charges being made in October 2017. A comparison between the current and average Commodity rate during 2016/17 and the April 2017 is also provided.

Charge p/kWh	April 2017 (Current)	Average 2016/17	Oct 2017 Indicative	% Change...	
				to current	to Average 2016/17
<b>NTS TO Entry Commodity</b>	0.0530	0.0488	<b>0.0545</b>	3%	11%
<b>NTS TO Exit Commodity</b>	0.0234	0.0215	<b>0.0237</b>	1%	10%
<b>NTS SO Commodity (Entry &amp; Exit)</b>	0.0105	0.0136	<b>0.0093</b>	-11%	-29%
<b>St. Fergus Compression</b>	0.0103	0.0127	<b>0.0085</b>	-17%	-26%

## Appendix 3

### Exit Capacity Charges effective from 1 October 2017<sup>3</sup>

Offtake Point	Type of Offtake	2017/18 Final
Bacton	GDN (EA)	0.0001
Brisley	GDN (EA)	0.0008
Cambridge	GDN (EA)	0.0083
Great Wilbraham	GDN (EA)	0.0071
Matching Green	GDN (EA)	0.0120
Peterborough Eye (Tee)	GDN (EA)	0.0071
Roudham Heath	GDN (EA)	0.0027
Royston	GDN (EA)	0.0093
Whitwell	GDN (EA)	0.0116
West Winch	GDN (EA)	0.0036
Yelverton	GDN (EA)	0.0001
Alrewas (EM)	GDN (EM)	0.0173
Blaby	GDN (EM)	0.0131
Blyborough	GDN (EM)	0.0035
Caldecott	GDN (EM)	0.0103
Thornton Curtis (DN)	GDN (EM)	0.0001
Drointon	GDN (EM)	0.0186
Gosberton	GDN (EM)	0.0048
Kirkstead	GDN (EM)	0.0023
Market Harborough	GDN (EM)	0.0116
Silk Willoughby	GDN (EM)	0.0038
Sutton Bridge	GDN (EM)	0.0057
Tur Langton	GDN (EM)	0.0118
Walesby	GDN (EM)	0.0001
Asselby	GDN (NE)	0.0014
Baldersby	GDN (NE)	0.0031
Burley Bank	GDN (NE)	0.0055
Ganstead	GDN (NE)	0.0001
Pannal	GDN (NE)	0.0060
Paull	GDN (NE)	0.0001
Pickering	GDN (NE)	0.0027
Rawcliffe	GDN (NE)	0.0016
Towton	GDN (NE)	0.0040
Bishop Auckland	GDN (NO)	0.0008
Coldstream	GDN (NO)	0.0001
Corbridge	GDN (NO)	0.0015
Cowpen Bewley	GDN (NO)	0.0001
Elton	GDN (NO)	0.0001
Guyzance	GDN (NO)	0.0001

<sup>3</sup> Please note that the October 2017 charges (along with 2018/19 to 2020/21 indicative charges) were also published on 27 April 2017 for the user commitment in the 2016 Exit Capacity Application Window. Details can be found on the National Grid website at <http://www2.nationalgrid.com/uk/Industry-information/System-charges/Gas-transmission/Current-charges/>. 'Notice of Final NTS Exit (Flat) Capacity Charges effective from 1 October 2017 and Indicative NTS Exit (Flat) Capacity Charges for the 2017 Annual Application Window for Enduring Annual NTS Exit (Flat) Capacity'.

Offtake Point	Type of Offtake	2017/18 Final
Humbleton	GDN (NO)	0.0001
Keld	GDN (NO)	0.0095
Little Burdon	GDN (NO)	0.0003
Melkinthorpe	GDN (NO)	0.0086
Saltwick Pressure Controlled	GDN (NO)	0.0001
Saltwick Volumetric Controlled	GDN (NO)	0.0001
Thrintoft	GDN (NO)	0.0023
Towlaw	GDN (NO)	0.0031
Wetheral	GDN (NO)	0.0056
Horndon	GDN (NT)	0.0125
Luxborough Lane	GDN (NT)	0.0128
Peters Green	GDN (NT)	0.0121
Peters Green South Mimms	GDN (NT)	0.0121
Winkfield (NT)	GDN (NT)	0.0224
Audley (NW)	GDN (NW)	0.0228
Blackrod	GDN (NW)	0.0194
Ecclestone	GDN (NW)	0.0267
Holmes Chapel	GDN (NW)	0.0243
Lupton	GDN (NW)	0.0125
Malpas	GDN (NW)	0.0251
Mickle Trafford	GDN (NW)	0.0265
Partington	GDN (NW)	0.0228
Samlesbury	GDN (NW)	0.0177
Warburton	GDN (NW)	0.0225
Weston Point	GDN (NW)	0.0276
Aberdeen	GDN (SC)	0.0001
Armadale	GDN (SC)	0.0001
Balgray	GDN (SC)	0.0001
Bathgate	GDN (SC)	0.0001
Burnervie	GDN (SC)	0.0001
Broxburn	GDN (SC)	0.0001
Careston	GDN (SC)	0.0001
Drum	GDN (SC)	0.0001
St Fergus	GDN (SC)	0.0001
Glenmavis	GDN (SC)	0.0001
Hume	GDN (SC)	0.0001
Kinknockie	GDN (SC)	0.0001
Langholm	GDN (SC)	0.0027
Lauderhill	GDN (SC)	0.0001
Lockerbie	GDN (SC)	0.0016
Netherhowcleugh	GDN (SC)	0.0001
Pitcairngreen	GDN (SC)	0.0001
Soutra	GDN (SC)	0.0001
Stranraer	GDN (SC)	0.0003
Farningham	GDN (SE)	0.0133
Farningham B	GDN (SE)	0.0133
Shorne	GDN (SE)	0.0121
Tatsfield	GDN (SE)	0.0154
Winkfield (SE)	GDN (SE)	0.0224
Braishfield A	GDN (SO)	0.0266
Braishfield B	GDN (SO)	0.0266

Offtake Point	Type of Offtake	2017/18 Final
Crawley Down	GDN (SO)	0.0251
Hardwick	GDN (SO)	0.0162
Ipsden	GDN (SO)	0.0200
Ipsden 2	GDN (SO)	0.0200
Mappowder	GDN (SO)	0.0324
Winkfield (SO)	GDN (SO)	0.0224
Aylesbeare	GDN (SW)	0.0355
Cirencester	GDN (SW)	0.0228
Coffinswell	GDN (SW)	0.0386
Easton Grey	GDN (SW)	0.0235
Evesham	GDN (SW)	0.0186
Fiddington	GDN (SW)	0.0178
Ilchester	GDN (SW)	0.0304
Kenn	GDN (SW)	0.0367
Littleton Drew	GDN (SW)	0.0244
Lyneham (Choakford)	GDN (SW)	0.0419
Pucklechurch	GDN (SW)	0.0254
Ross (SW)	GDN (SW)	0.0144
Seabank (DN)	GDN (SW)	0.0277
Alrewas (WM)	GDN (WM)	0.0173
Aspley	GDN (WM)	0.0208
Audley (WM)	GDN (WM)	0.0228
Austrey	GDN (WM)	0.0165
Leamington	GDN (WM)	0.0155
Lower Quinton	GDN (WM)	0.0177
Milwich	GDN (WM)	0.0194
Ross (WM)	GDN (WM)	0.0144
Rugby	GDN (WM)	0.0142
Shustoke	GDN (WM)	0.0179
Stratford-upon-Avon	GDN (WM)	0.0172
Maelor	GDN (WN)	0.0260
Dowlais	GDN (WS)	0.0095
Dyffryn Clydach	GDN (WS)	0.0067
Gilwern	GDN (WS)	0.0109
Abson (Seabank Power Station phase I)	DC	0.0254
FORDOUN CNG STATION	DC	0.0001
AIR PRODUCTS	DC	0.0001
Palm Paper	DC	0.0035
KINNEIL CHP	DC	0.0001
St FERGUS SEGAL	DC	0.0001
APACHE	DC	0.0001
Bacton (Great Yarmouth)	DC	0.0001
Barking (Horndon)	DC	0.0125
Barrow (Black Start)	DC	0.0083
Billingham ICI (Terra Billingham)	DC	0.0001
Bishop Auckland (test facility)	DC	0.0008
Blackbridge (Pembroke PS)	DC	0.0001
Blackness (BP Grangemouth)	DC	0.0001
Blyborough (Brigg)	DC	0.0047
Blyborough (Cottam)	DC	0.0035
Brine Field (Teesside) Power Station	DC	0.0001

Offtake Point	Type of Offtake	2017/18 Final
Burton Point (Connahs Quay)	DC	0.0279
Caldecott (Corby Power Station)	DC	0.0107
Carrington (Partington) Power Station	DC	0.0228
Centrax Industrial	DC	0.0384
Cockenzie Power Station	DC	0.0001
Coryton 2 (Thames Haven) Power Station	DC	0.0129
Deeside	DC	0.0280
Didcot PS	DC	0.0204
Drakelow Power Station	DC	0.0167
Eastoft (Keadby Blackstart)	DC	0.0034
Eastoft (Keadby)	DC	0.0034
Enron Billingham	DC	0.0001
Epping Green (Enfield Energy, aka Brimsdown)	DC	0.0131
Ferry Knoll (AM Paper)	DC	0.0196
Glasgowforest	DC	0.0001
Goole (Guardian Glass)	DC	0.0020
Gowkhall (Longannet)	DC	0.0001
Grain Power Station	DC	0.0105
Harwarden (Shotton, aka Shotton Paper)	DC	0.0278
Hatfield Power Station	DC	0.0016
Hollingsgreen (Hays Chemicals)	DC	0.0241
Langage Power Station	DC	0.0419
Marchwood Power Station	DC	0.0269
Medway (aka Isle of Grain Power Station, NOT Grain Power)	DC	0.0106
Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	DC	0.0105
Peterborough (Peterborough Power Station)	DC	0.0075
Phillips Petroleum, Teeside	DC	0.0001
Pickmere (Winnington Power, aka Brunner Mond)	DC	0.0234
Roosecote (Roosecote Power Station)	DC	0.0083
Rosehill (Saltend Power Station)	DC	0.0001
Ryehouse	DC	0.0136
Saddle Bow (Kings Lynn)	DC	0.0035
Saltend BPHP (BP Saltend HP)	DC	0.0001
Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	DC	0.0182
Seabank (Seabank Power Station phase II)	DC	0.0275
SEAL SANDS TGPP	DC	0.0001
Sellafield Power Station	DC	0.0131
Shellstar (aka Kemira, not Kemira CHP)	DC	0.0272
Shotwick (Bridgewater Paper)	DC	0.0275
Spalding 2 (South Holland) Power Station	DC	0.0052
St. Fergus (Peterhead)	DC	0.0001
St. Fergus (Shell Blackstart)	DC	0.0001
St. Neots (Little Barford)	DC	0.0117
Stallingborough (phase 1 and 2)	DC	0.0001
Stanford Le Hope (Coryton)	DC	0.0129
Staythorpe PH1 and PH2	DC	0.0070
Sutton Bridge Power Station	DC	0.0055
Teesside (BASF, aka BASF Teesside)	DC	0.0001
Teesside Hydrogen	DC	0.0001
Terra Nitrogen (aka ICI, Terra Severnside)	DC	0.0274

Offtake Point	Type of Offtake	2017/18 Final
Thornton Curtis (Humber Refinery, aka Immingham)	DC	0.0001
Thornton Curtis (Killingholme)	DC	0.0001
Tilbury Power Station	DC	0.0124
Tonna (Baglan Bay)	DC	0.0068
TRAFFORD_PS	DC	0.0228
Upper Neeston (Milford Haven Refinery)	DC	0.0001
West Burton PS	DC	0.0036
Weston Point (Castner Kelner, aka ICI Runcorn)	DC	0.0276
Weston Point (Rocksavage)	DC	0.0276
Willington Power Station	DC	0.0184
Wragg Marsh (Spalding)	DC	0.0052
Wyre Power Station	DC	0.0169
Zeneca (ICI Avecia, aka 'Zenica')	DC	0.0001
Avonmouth Max Refill	STORAGE SITE	0.0275
Bacton (Baird)	STORAGE SITE	0.0001
Deborah Storage (Bacton)	STORAGE SITE	0.0001
Barrow (Bains)	STORAGE SITE	0.0083
Barrow (Gateway)	STORAGE SITE	0.0083
Barton Stacey Max Refill (Humbly Grove)	STORAGE SITE	0.0248
Caythorpe	STORAGE SITE	0.0001
Cheshire (Holford)	STORAGE SITE	0.0234
Dynevor Max Refill	STORAGE SITE	0.0089
Rough Max Refill	STORAGE SITE	0.0001
Garton Max Refill (Aldbrough)	STORAGE SITE	0.0001
Glenmavis Max Refill	STORAGE SITE	0.0001
Hatfield Moor Max Refill	STORAGE SITE	0.0025
Hole House Max Refill	STORAGE SITE	0.0240
Hornsea Max Refill	STORAGE SITE	0.0001
Partington Max Refill	STORAGE SITE	0.0228
Stublach (Cheshire)	STORAGE SITE	0.0234
Saltfleetby Storage (Theddlethorpe)	STORAGE SITE	0.0001
Hill Top Farm (Hole House Farm)	STORAGE SITE	0.0240

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## Appendix 4

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### Capacity charges relating to the Interconnector Points (IPs)<sup>4</sup>

The following prices given in the table below are applicable for the Exit Annual Yearly IP Capacity Auctions, Exit Annual Quarterly IP Capacity Auctions, Exit Rolling Monthly IP Capacity Auctions, Exit Rolling Day Ahead IP Capacity Auctions and Within Day IP Capacity Auctions.

#### IP Exit Capacity Charges

Offtake Point	Type of Offtake	2017/18 p/kWh/day
Bacton IUK	INTERCONNECTOR	0.0001
Bacton BBL	INTERCONNECTOR	0.0001
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	0.0003

For the Ascending Clock Auctions, the NTS Large Price Step shall be the greater of 5% of the reserve price or 0.0001p/kWh/day. A Small Price Step will be one fifth of the Large Price Step.

#### Entry Reserve Price for Interconnection Points for Annual Quarterly Auctions

EU Interconnector Points (IPs)	2017/18 p/kWh/day
Bacton IP	0.0108

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<sup>4</sup> Notice of NTS Annual Quarterly (Entry and Exit) Interconnection Point (IP) Reserve Prices can be found at <http://www.gasgovernance.co.uk/ntscharges/2017>

For further information contact Colin Williams or Karin Elmhirst  
Colin.Williams@nationalgrid.com 01926 655916  
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Or email the charging team at  
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