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13 October 2017

Dear Natasha,

**Indicative Notice of Intention to Produce the Annual Yearly and Annual Quarterly Interconnection Point (IP) Reserve Prices.**

Under the change introduced in Capacity Allocation Mechanism (CAM) effective from 1 November 2015, the Interconnection Points (IPs) have different auctions and auction timings. The next Annual Yearly and Annual Quarterly Auctions at the IPs will be held next year for capacity from 1 October 2018.

Therefore, I am writing to give indicative notice of our intention to revise both Entry and Exit Annual Yearly IP reserve prices for the Annual Yearly IP auction which is to be held in July 2018 and the Annual Quarterly IP reserve prices for the four Annual Quarterly IP auctions which commence in August 2018.

Reserve prices for the Annual Yearly and Annual Quarterly auctions are calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC) – [Charging Methodologies](#), Section B of the [European Interconnection Document](#) (EID) – Capacity and the [Entry Capacity Release](#) (ECR) Methodology Statement.

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

- Supply and demand patterns determined from the latest data in the 2017 Ten Year Statement and the balancing rules in accordance with Section Y of the UNC.
- The pipeline network expected in 2018/19 which is based on expected pipeline changes included in the 2017 Ten Year Statement.
- Latest expansion constant will be included for the investment costs.

The notice of the reserve prices to apply at both the Entry Annual Yearly IP auction and Entry Annual Quarterly IP auction will be given at least two months in advance of the July 2018 Entry Annual Yearly IP auction. The reserve prices for the Exit Capacity Annual Yearly and Annual Quarterly IP Auctions will be published by 1 May 2018.

NTS large price steps for an Auction (Annual Yearly IP (Entry and Exit) and Annual Quarterly 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 about this Indicative Notice please contact Karin Elmhirst on 01926 655540 or email at [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com).

Yours sincerely,

Jenny Phillips  
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