

Gas Transmission

St Fergus: Scope of Charging

Follow Up

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Compressor Emissions Price Control Deliverable (CEPt)

CEPt totals £123.9m

Site	Output	Delivery date	Re-opener application window	Total allowance (all years) (£m)
Hatton	Emissions compliant compressor procured for 41MW mechanical output power	03/2025	N/A	65.40
Wormington	Final Option Selection Report	05/2022	11/2024	14.38
King's Lynn	Final Option Selection Report	10/2022	04/2025	14.38
St Fergus	Final Option Selection Report	12/2022	06/2025	20.08
Peterborough & Huntingdon	Final Option Selection Report	12/2022	06/2025	9.65

Breakdown & Phasing of the £20.08m

	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
Front-End Engineering & Design	1.05	1.99	1.09	0.93	
Long Lead Items			15.00		
	5%	10%	80%	5%	0%

Gas Transmission

St Fergus: Allowances

5th April 2022

nationalgrid



How Allowances translate in to Prices

- Allowed Revenues calculated for Transmission Operator & System Operator within a Revenue Year
- TO & SO revenues translated in to Transmission Services & Non-Transmission Services with applicable adjustments
- Allowed and recovered revenues used to calculate Gas Years revenues
- Gas Year applicable Reference Prices Calculated

Allowances and Reserve Prices

Current Approach

Funding granted under the reopener will feed in to Transmission Operator Allowances via CEPREt

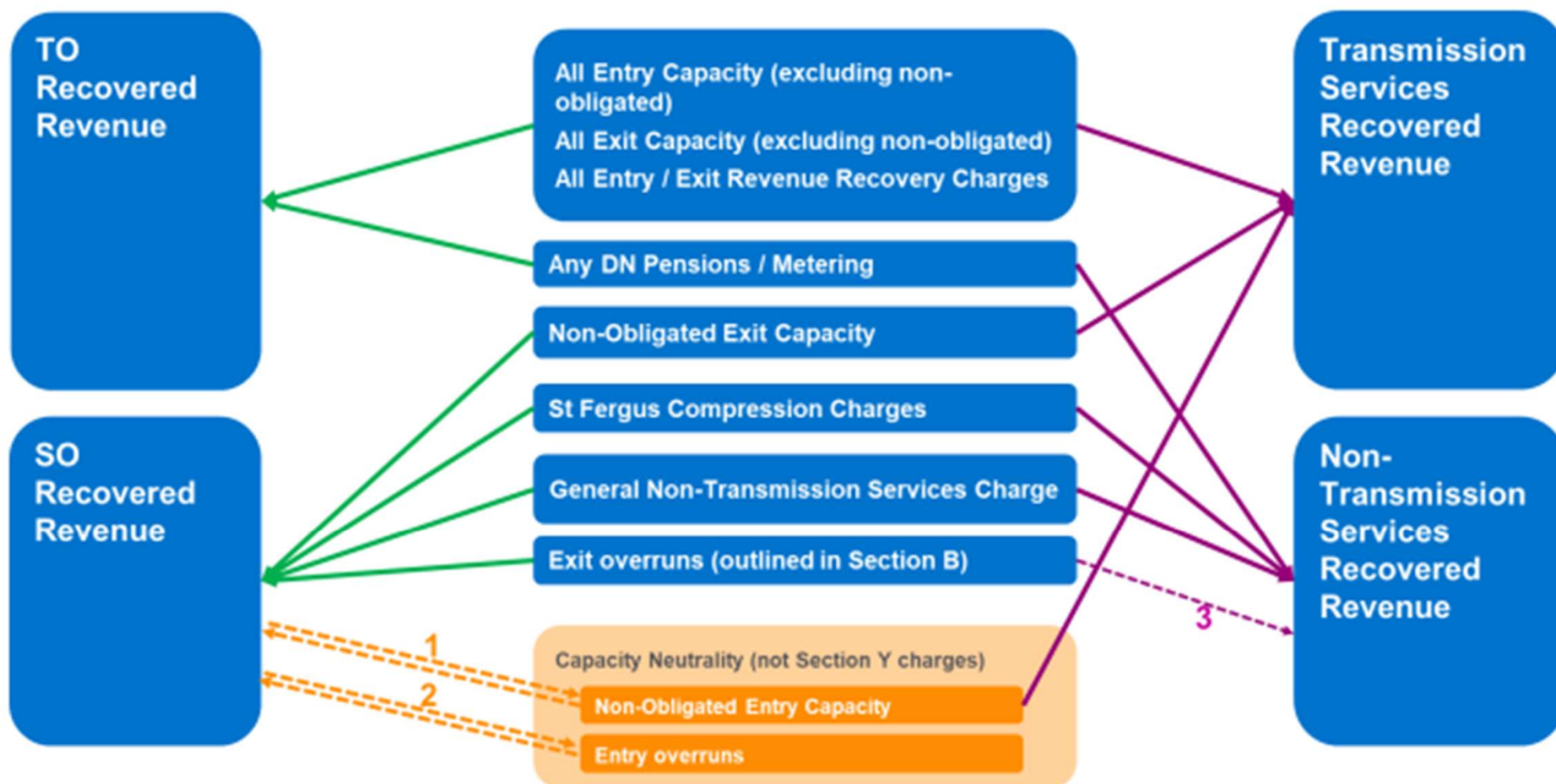
Funding will be phased across years according to the reopener decision.
All Allowed revenues will be collected within year

Reopener costs will be reflected in Transmission Services Entry & Exit Reserve Prices

The current relationship between funding, allowances and charging expectations

- According to Special Licence Condition 3.11 funding granted under the Compression reopener will feed in to Transmission Operator Allowances via licence term CEPREt
- Funding decision expected to be made in Sep-25
- Approved funding would be phased across years according to the reopener decision, starting from Regulation Year beginning Apr-2026.
- All Allowed revenues will be collected within Gas Years applicable under the current pricing Methodology
- Reopener costs would be reflected in Transmission Services Entry & Exit Reserve Prices from Gas Year starting Oct-2026 at the earliest

Allowances and Reserve Prices



[Determination of Target Revenues and Recovery v0.2.pdf \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/determination-of-target-revenues-and-recovery-v0.2.pdf)

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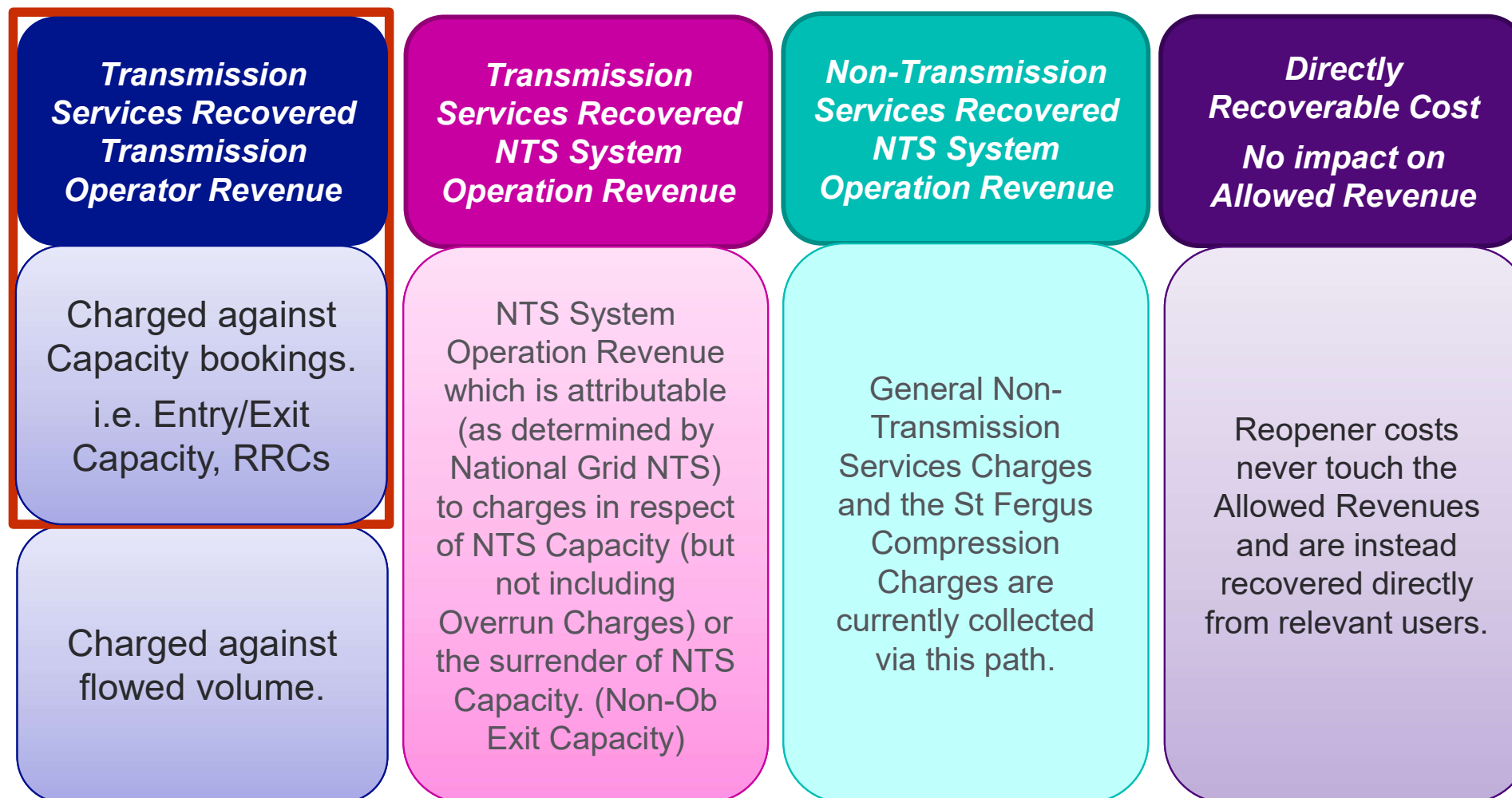
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All Allowed revenues will be collected within year

Reopener costs will be reflected in Transmission Services Entry & Exit Reserve Prices

How could we potentially change this?

License language would need to be drafted to separate St Fergus from CEPREt to allow revenues to be collected via any path other than Transmission Services Entry/Exit Reserve Prices

How could the reopener be charged?



Allowances and Reserve Prices

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Funding will be phased across years according to the reopener decision. All Allowed revenues will be collected within year

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Phasing of costs in the Determination would need to be negotiated if we were to consider collecting any allowed revenues outside of expected funding periods

Refresher of costs based on scenarios

Table 1: Costs recovered 2024-2050 (p/kwh)

Scenario	Entry Rate	Exit Rate	Charging Base	Entry	Exit
A	0.0016		Costs split across all Entry Points	Socialised Costs	N/A
B	0.0621		Costs split across all Entry Points	Targeted to NSMP	N/A
C		0.0016	Costs split across all Exit Points	N/A	Socialised Costs
D	0.0008	0.0008	Costs split across Entry & Exit 50:50	Socialised Costs	Socialised Costs
E	0.0306	0.0008	Costs split across Entry & Exit 50:50	Targeted to NSMP	Socialised Costs

Table 2: Costs recovered 2024-2040 (p/kwh)

Scenario	Entry Rate	Exit Rate	Charging Base	Entry	Exit
A	0.0021		Costs split across all Entry Points	Socialised Costs	N/A
B	0.0822		Costs split across all Entry Points	Targeted to NSMP	N/A
C		0.0021	Costs split across all Exit Points	N/A	Socialised Costs
D	0.0010	0.0011	Costs split across Entry & Exit 50:50	Socialised Costs	Socialised Costs
E	0.0406	0.0011	Costs split across Entry & Exit 50:50	Targeted to NSMP	Socialised Costs

* Based on indicative values provided in 2018, phased using a flat profile

Allowances and Reserve Prices

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Funding granted under the reopener will feed in to Transmission Operator Allowances via CEPREt

Funding will be phased across years according to the reopener decision. All Allowed revenues will be collected within year

Reopener costs will be reflected in Transmission Services Entry & Exit Reserve Prices

How could we potentially change this?

License language would need to be drafted to separate St Fergus from CEPREt to allow revenues to be collected via any path other than Transmission Services Entry/Exit Reserve Prices

Phasing of costs in the Determination would need to be negotiated if we were to consider collecting any allowed revenues outside of expected funding periods

A Modification may be required to specify how funds should be collected if not already defined by the License. A Modification may also be required to develop and insert a new collection process in to the UNC.