

# Transco

## **The Statement of Transmission Transportation Charges**

Effective from 1 April 2005

Issued 1<sup>st</sup> May 2005



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# 1. INTRODUCTION

Transco is the owner and operator of the gas National Transmission System (NTS) in Great Britain, and is also the country's largest gas Distribution Network (DN).

The NTS is a network of pipelines, presently operated at pressures of up to 85 bar, which transports gas safely and efficiently from coastal terminals and storage facilities to exit points from the system. Exit points are predominantly connections to Distribution Networks (DNs), but also include storage sites, direct connections to some large volume consumers, and connections to other systems, such as interconnectors to other countries and Independent Gas Transporters (IGTs).

These operations are carried out to meet the needs of the companies that supply gas to domestic, commercial and industrial consumers and to power stations. In 2003/4 1,134 TWh of gas was transported to these customers.

This publication sets out the transportation charges which apply for the use of the Transco NTS pipeline network from 1 April 2005. Further information on the methods and principles on which Transmission transportation charges are derived is set out in **The Statement of the Transmission Transportation Charging Methodology**.

Details of Transco and its activities, can be found on Transco's Internet site at [www.transco.co.uk](http://www.transco.co.uk). An electronic version of this publication, along with **The Statement of the Transmission Transportation Charging Methodology** and **LDZ Transportation Charges for the Distribution Networks**, can be found by clicking on "Our Publications", "Pricing Publications". Any enquiries regarding this service should be directed to UK Communications, either by calling **01926 655370** or by e-mail to [webmaster@transco.co.uk](mailto:webmaster@transco.co.uk).

## **2. NTS TRANSPORTATION CHARGES EFFECTIVE FROM 1 APRIL 2005**

### **2.1 Introduction**

This publication sets out the transportation charges which apply from 1 April 2005 for the use of the NTS, as required by Standard Special Condition A4 of Transco's Transmission Gas Transporter Licence. This document does not override or vary any of the statutory, licence or Network Code obligations upon Transco.

For more information on the charges set out below, please contact our UK Transmission Charging team on **01926 654633**.

#### **2.1.1 Network Code**

The Network Code forms the contractual framework between NTS and DN Gas Transporters, and the shippers whose gas is transported. It is supported by an integrated set of computer systems called UK Link. The charges and formulae in this booklet will be used in the calculation of charges within UK Link, which are definitive for billing purposes.

There are a number of areas of the Network Code that impact upon the cost to shippers of using the transportation network, such as imbalance charges, scheduling charges, capacity over-runs and ratchets, top-up neutrality charges and contractual liability. Reference should be made to the Network Code – as modified from time to time – for details of such charges and liabilities.

#### **2.1.2 Units**

Commodity charges are expressed and billed in pence per kilowatt hour (kWh).

Capacity charges are expressed and billed in pence per peak day kilowatt hour per day.

Fixed charges are expressed and billed in pence per day.

#### **2.1.3 Invoicing**

Invoices derived from the transportation charges shown within this publication are produced and issued by xoserve. xoserve is the invoicing service provider to the NTS and DNs. To clarify this link between pricing and invoicing, charge codes and invoice names are included in the tables.

For more information on invoicing, please contact the xoserve invoicing team via email at [xo\\_css\\_billing@xoserve.com](mailto:xo_css_billing@xoserve.com).

#### **2.1.4 The Transco NTS Transportation Price Control Formulae**

Transportation charges are derived in relation to price control formulae which are set by Ofgem, the gas and electricity market regulator, for the transportation of gas. These formulae dictate the maximum revenue Transco can earn from the transportation of gas. Should Transco earn more or less than the maximum permitted revenue in any formula year, then a compensating adjustment is made in the following year. Where a significant over- or under-recovery is anticipated within a year an adjustment to charges may be made during the year.

Since April 2002 the price control for the NTS has been divided into Transportation Owner (TO) and System Operator (SO) controls. Transportation charges are split to reflect these price control arrangements.

For NTS TO revenue, the target is to recover 50% from exit capacity and 50% from entry capacity. Exit capacity charges reflect the estimated long run marginal cost (LRMC) of developing the system to meet a sustained increase in demand and are determined by the exit zone to which a particular offtake point belongs. Charges for entry capacity are not fixed but are determined by auctions which apply to all system entry points. For system entry capacity, the reserve prices for the auctions are based on the Unit Cost Allowance (UCA) for each existing entry point as set out in Transco's Transmission Gas Transporter Licence.

The unpredictability of entry auction revenue may mean that the TO revenue 50 / 50 split between entry and exit may not be achieved in practice. In the event of a forecast under-recovery of entry auction revenue against the entry target level, a TO commodity charge may be levied on entry flows.

SO revenue is recovered through the NTS SO commodity charge. This is a uniform charge, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. A distance-related commodity tariff, the optional NTS commodity charge, is also available as an alternative to both the SO and TO commodity charges.

#### **2.1.5 Firm Transportation**

Firm transportation charges for the NTS comprise capacity and commodity charges.

#### **2.1.6 Interruptible Transportation**

Interruptible transportation is available for supply points with Annual Quantities (AQs) of over 5,860 MWh per annum.

For supply points which have been nominated by a shipper as interruptible, the shipper will not pay the NTS (TO) exit capacity charge or the capacity element of the relevant LDZ charge. Where Transco nominates a supply point to be interrupted for more than 15 days in a particular year (measured from 1 April to 31 March) there is a transportation charge credit. For each day of interruption over 15 days, a transportation charge credit, equivalent to 1/15 of the annual NTS exit capacity and the relevant LDZ capacity charges avoided by having interruptible rather than firm transportation is payable to the shipper. Transco has the right to interrupt these supply points for up to 45 days each year. The business rules for interruptible supply points are detailed in **The Statement of the Transmission Transportation Charging Methodology**.

To help Transco run the network safely and securely the Network Code defines two special types of interruptible supply points. These are Network Sensitive Load (NSL) and Transco Nominated Interruptible (TNI).

NSLs are supply points where specific interruption may be required to maintain the supply of gas to firm supply points in the same area.

TNIs are supply points where Transco reserves the right to interrupt for more than 45 days each year.

Transco offers a number of services related to interruptible supply points:

- Allocation arrangements allow more than one shipper / supplier to supply interruptible gas to sites with AQs in excess of 58,600 MWh per annum. This flexibility of supplier enables the end user to make greater use of the competitive market and allows for alternative provision of gas during commercial interruption. Further details of this service are given in Section 2.8.2.

- The Partial Interruption service is designed to allow shippers to reduce offtake rates at supply points (to predetermined levels agreed between the shipper and the end user) where capacity exists, so that the site remains on a part-load, where otherwise it would have been fully interrupted.

- The Interruptible Supply Point Firm Allowance (IFA) is available to all interruptible supply points. It allows a guaranteed supply of 14,600 kWh per day (this figure can be higher if

the capacity is available), where this allowance is subject to normal firm transportation charges. This enables end users to maintain their critical processes when their supply is interrupted.

- Transfer of Firm Offtake Capability. This allows a shipper to release capacity allocated to a firm supply point in order to meet the requirements of an interruptible supply point during an interruption notice. This is subject to system constraints and other eligibility criteria.

Details of all the above interruption services are available from gas suppliers / shippers or from Transco Operations and Trading on **01455 893147**.

### **2.1.7 Theft of Gas**

The licensing regime places incentives on transporters, shippers and suppliers to take action in respect of suspected theft of gas. Certain costs associated with individual cases of theft are recovered through transportation charges. Transco's charges reflect these requirements, with Transco remaining cash neutral in the process.

## 2.2 System Entry Capacity

For each of the system entry points capacity is made available on a firm and interruptible basis. All entry capacity is offered on a pence per kWh per day basis where the quantity is measured in terms of an end of day entitlement.

Interruptible capacity is limited to being offered on a daily basis in an auction that is conducted on the day ahead of the intended day of use.

Firm Entry Capacity is offered in bundles of quarters, months and days.

### 2.2.1 Quarterly System Entry Capacity

Entry capacity can be obtained through the Quarterly System Entry Capacity (QSEC) process up to 16 years ahead of the intended year of use. Transco has an obligation to make available a core baseline quantity which is calculated in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of Transco's Transmission GT Licence. The baseline quantity from which Transco's obligation is derived is set out in Appendix 2B. The minimum quantities to be offered in the Annual System Entry Capacity auctions, after taking into account a GT Licence requirement to hold back some capacity for short term allocation, is detailed in Appendix 2C(ii).

For each of the system entry points Transco has determined a baseline price and an additional 20 price steps for increments of capacity that may be demanded above the baseline quantity, as set out in the Statement of the Transmission Transportation Charging Methodology. The step prices that are applicable for QSEC allocation are set out in Appendix 2D. Prices are published for each system entry point and are applicable for all periods in which QSEC is offered. Allocation of capacity will be conducted in accordance with the provisions set out in Transco's Incremental Entry Capacity Release (IECR) statement.

### 2.2.2 Monthly System Entry Capacity

For each of the system entry points Monthly System Entry Capacity (MSEC) is allocated by auction for a period no more than two years ahead of the period of use. The maximum quantities to be offered in MSEC allocations are also set out in Appendix 2C(i). MSEC auctions offer monthly tranches of firm capacity and are held in respect of each Aggregate System Entry Point (ASEP). Capacity is allocated in respect of each bid in descending price order starting at the highest bid until all monthly system entry capacity has been allocated or all valid bids have been considered. Successful bidders are

liable to pay the bid price of each accepted or part accepted bid.

Following the final annual MSEC auction in which capacity is offered for a capacity year, any remaining quantities of entry capacity may be bought in a series of Rolling Monthly System Entry Capacity (RMSEC) auctions. RMSEC auctions can be conducted within a capacity year. The quantities to be offered will be any unsold baseline capacity that is carried over from the annual MSEC allocations. Each allocation will be conducted on one of 5 business days preceding the last business day in a calendar month and the capacity offered in that allocation will be specific to the succeeding month only. As with annual MSEC the allocation is conducted on a pay as bid basis.

The lowest price that can be accepted in an MSEC allocation is the reserve price as set out in Table 2.2.4. (See section 2.2.4).

### 2.2.3 Daily System Entry Capacity

Transco offers two daily capacity services – a firm Daily System Entry Capacity service (DSEC) and a Daily Interruptible System Entry Capacity service (DISEC). Both services are offered through a tender process and are subject to minimum reserve prices. Successful bidders are liable to pay the bid price of each accepted or part accepted bid. Capacity is allocated, in respect of each bid, in descending price order until all capacity has been allocated or all valid bids have been considered.

The allocation of DSEC is initiated before the gas day and is repeated at intervals through to 02:00 hours on the gas day. Shippers may have up to 20 bids on the system at any one time. DSEC availability is presently defined in the Network Code as the amount, determined by Transco, by which system entry capacity exceeds firm system entry capacity held by shippers.

DISEC is allocated by means of a single tender that is held on the day before the gas day. Shippers may submit up to 20 applications for this capacity in respect of each ASEP.

DISEC consists of any unutilised booked monthly capacity on a day. Transco determines the availability of capacity after consideration of the daily allocation levels at each ASEP on the day before the gas day. If on a day, nominations from primary holders of firm capacity increase so that gas flow exceeds booked levels at an entry point, any DISEC service entitlements would be scaled back.

## 2.2.4 Entry Capacity Reserve Prices

To date all system entry capacity auctions have been subject to reserve prices.

The reserve prices applicable to MSEC and DSEC sold before the day are shown in Table 2.2.4. For DSEC sold on the day the reserve price has been set to zero since 1 October 2003. Reserve prices for DISEC are set at zero. The invoice and charge codes are:

Service	Invoice	Charge Code
MSEC	NTS Capacity	LTF
DSEC	NTS Capacity	DAF
DISEC	NTS Capacity	DIC

**Table 2.2.4 Entry Capacity Reserve Prices for Capacity for use from 1 October 2004**

Entry Point	Reserve Prices	
	Pence per kWh per day	
	MSEC	DSEC
<b>Coastal terminals</b>		
Bacton	0.0059	0.0039
Easington / Rough	0.0011	0.0007
Theddlethorpe	0.0010	0.0007
St Fergus	0.0208	0.0139
Teesside	0.0019	0.0013
Barrow	0.0005	0.0003
<b>Onshore fields and connections</b>		
Hatfield Moor	0.0014	0.0009
Wytech Farm	0.0000	0.0000
Burton Point	0.0001	0.0001
<b>Storage</b>		
Hatfield Moor	0.0014	0.0009
Hole House Farm	0.0001	0.0001
Hornsea	0.0050	0.0033
Glenmavis	0.0173	0.0117
Partington	0.0003	0.0002
Cheshire	0.0001	0.0001
Barton Stacey	0.0000	0.0000
Garton	0.0013	0.0009
<b>Constrained LNG</b>		
Avonmouth	0.0021	0.0014
Dynevor Arms	0.0000	0.0000
Isle of Grain	0.0060	0.0040

## 2.3 Constrained LNG

Shippers that book the constrained Liquefied Natural Gas (LNG) storage service, available from the LNG storage sites at Dynevor Arms, Isle of Grain and Avonmouth, undertake an obligation to provide transmission support gas to Transco on days of very high demand. In recognition of this, shippers receive a credit in respect of minimum booked storage deliverability. Full details of associated rules are available on request from Transco's LNG business unit. The credit is deducted from the charge for the storage service.

Entry Point	Credit	
	Pence per registered kWh per day	
	From 1 May 2004	From 1 May 2005
Avonmouth LNG	0.0029	0.0032
Dynevor Arms LNG	0.0000	0.0000
Isle of Grain LNG	0.0000	0.0000

## 2.4 NTS Exit Capacity Charges

NTS TO exit capacity charges apply to loads supplied through existing NTS offtakes into Distribution Networks (DNs) and to large loads and interconnectors supplied directly from the NTS. The exit zone for a DN supply point is determined by its post code.

For new loads supplied directly from the NTS, the exit zone charges provide an indication of the likely level of charges. However, in general, an individual exit zone will be created with its own charge for new NTS offtakes.

At present, Transco makes no charge for NTS exit capacity at storage points. This is on the basis that the transportation service to the storage points is interruptible. If a firm transportation service to storage were provided, a TO exit capacity charge would be payable.

There are four small towns in Scotland where LNG needs to be transported by road tanker to supply end users on distribution systems which are not physically connected to the main gas network. For these locations, NTS TO exit charges will be calculated on the basis that they are allocated to exit zone SC4, the location of the LNG storage site which supplies them.

**Table 2.4 NTS TO Exit Capacity Charges**

Invoice	Charge Codes	
NTS Capacity	NDX (DM) / NNX (NDM)	
Network	DN Exit Zone	Pence per peak day kWh per day
<b>East of England</b>	EA1	0.0028
	EA2	0.0103
	EA3	0.0037
	EA4	0.0111
	EM1	0.0030
	EM2	0.0007
	EM3	0.0079
	EM4	0.0064
<b>North of England</b>	NE1	0.0001
	NE2	0.0021
	NE3	0.0009
	NO1	0.0001
	NO2	0.0008
<b>London</b>	NT1	0.0210
	NT2	0.0136
	NT3	0.0151
<b>North West</b>	NW1	0.0085
	NW2	0.0075
<b>Scotland</b>	SC1	0.0001
	SC2	0.0010
	SC4	0.0001
<b>South of England</b>	SE1	0.0111
	SE2	0.0210
	SO1	0.0146
	SO2	0.0199
<b>Wales &amp; the West</b>	SW1	0.0082
	SW2	0.0156
	SW3	0.0308
	WA1	0.0109
	WA2	0.0187
<b>West Midlands</b>	WM1	0.0066
	WM2	0.0072
	WM3	0.0079

**Table 2.4 NTS TO Exit Capacity Charges  
(continued)**

Invoice	Charge Code
NTS Capacity	NDX (DM)

	Pence per peak day kWh per day
<b>NTS Sites</b>	
AM Paper	0.0035
Baglan Bay PG	0.0212
Barking PG	0.0114
BASF Teesside	0.0001
BP Grangemouth	0.0001
BP Saltend (HP)	0.0009
Bridgewater Paper	0.0100
Brigg PG	0.0005
Brimsdown PG	0.0123
Brunner Mond	0.0035
Connahs Quay PG	0.0100
Corby PG	0.0046
Coryton PG	0.0086
Cottam PG	0.0005
Deeside PG	0.0100
Didcot PG	0.0157
Goole Glass	0.0001
Great Yarmouth PG	0.0028
Hays Chemicals	0.0035
ICI Runcorn	0.0102
Immingham CHP	0.0005
Keadby PG	0.0001
Kemira Ince	0.0102
Kings Lynn PG	0.0027
Kingsnorth PG	0.0090
Little Barford PG	0.0057
Longannet PG	0.0001
Medway PG	0.0090
Peterborough PG	0.0027
Peterhead PG	0.0001
Phillips Seal Sands	0.0001
Rocksavage PG	0.0102
Roosecote PG	0.0023
Rye House PG	0.0123
Saltend PG	0.0009
Sappi Paper Mill	0.0085
Seabank PG	0.0145
Sellafield PG	0.0023
Shotton Paper	0.0100
Spalding PG	0.0020
Stallingborough PG	0.0009
Staythorpe PG	0.0027
Sutton Bridge PG	0.0020
Teesside Hydrogen	0.0001
Teesside PG	0.0001
Terra Billingham	0.0001
Terra Severnside	0.0149
Thornton Curtis PG	0.0005
Zeneca	0.0001

Invoice	Charge Code
NTS Capacity	NDX (DM)

	Pence per peak day kWh per day
<b>Interconnectors</b>	
Bacton I/C	0.0028
Moffat I/C	0.0001
<b>Storage Sites</b>	
Avonmouth	0.0145
Dynevor Arms	0.0187
Glenmavis	0.0001
Hatfield Moor	0.0001
Hole House Farm	0.0035
Hornsea	0.0009
Isle of Grain	0.0090
Partington	0.0035
Rough	0.0009

## 2.5 NTS Commodity Charges

### 2.5.1 NTS TO Commodity Charge

The NTS TO commodity charge may be levied where an under-recovery of TO entry revenue against the entry target level is forecast. The charge is levied on entry flows only and would address only that forecast TO revenue under-recovery, if any, that does not arise from NTS exit capacity charging.

The rate is identified in the commodity schedule below. For the avoidance of doubt, the TO commodity rate would be set to zero where forecast entry TO revenue is at, or above, the entry revenue target level.

### 2.5.2 NTS SO Commodity Charge

The NTS SO commodity charge is a uniform rate, independent of entry and exit points, and is levied on both NTS entry and NTS exit flows. The rate is identified in the schedule below.

### 2.5.3 NTS TO & SO Commodity Schedule

Invoice	Charge Code
Exit Commodity	NCO

	Pence per kWh
SO	0.0101

Invoice	Charge Code
Entry Commodity	NCE

	Pence per kWh
TO	0.0000
SO	0.0101
Combined rate	0.0101

NTS entry commodity (NCE) will be invoiced using the combined rate.

### 2.5.4 NTS Optional Commodity Charge

The optional NTS commodity tariff is available as an alternative to both the entry / exit NTS SO commodity charge and the NTS TO commodity charge. It may be attractive for large daily metered sites located near to entry terminals, since the NTS SO and TO commodity tariffs are not distance-related and can result in a relatively high charge for short distance transportation. This could give perverse economic incentives to build dedicated pipelines bypassing the NTS, resulting in an inefficient outcome for all system users.

The optional tariff applies in respect of gas delivered from the local specified terminal. The charge is site specific and is calculated by the function shown below.

Invoice	Charge Code
ADU	880

Pence per kWh
$1203 \times [(SOQ)^{-0.834}] \times D + 363 \times (SOQ)^{-0.654}$

where **D** is the direct distance from the site or non-Transco pipeline to the elected terminal in km and **SOQ** is the registered supply point capacity in kWh. Note that ^ means "to the power of ..."

Further information on the optional NTS tariff can be obtained from our UK Transmission Charging team on **01926 654633**.

## 2.6 Compression Charge

An additional charge is payable where gas is delivered into the Transco system at a lower pressure than that required, reflecting the need for additional compression. For gas delivered at the Total Oil Marine sub-terminal at St. Fergus, a compression charge of 0.0062 pence per kWh is payable.

## 2.7 System Balancing Charge

A system balancing commodity charge will be payable to reflect the costs of ensuring a balance between gas entering the system and gas offtaken.

For shippers operating wholly under Network Code arrangements, the system balancing charge is zero.

The system balancing commodity charge is calculated as: The sum of energy balancing charges which are or would be payable under the Network Code less energy balancing charges paid by or to the Shipper pursuant to the Network Code or any other arrangement divided by the total quantity offtaken.

Energy balancing charges are defined in the Network Code and include imbalance charges, scheduling charges and any additional charges payable by or to the Shipper for the purpose of enabling Transco to balance system inputs and offtakes.

The system balancing charges will be determined following each calendar month by monitoring gas inputs and offtakes on a daily basis.

## 2.8 Other Charges

Other Charges include administration charges at Connected System Exit Points, Shared Supply Meter Points and Interconnectors.

### 2.8.1 Connected System Exit Points

A CSEP is a system point comprising one or more individual exit points which are not supply meter points. This includes connections to a pipeline system operated by non-DN Gas Transporters. NTS capacity and commodity unit rates are calculated for each shipper transporting to the CSEP as though the gas were being shipped to a single supply point.

Separate administration processes are required to manage the daily operations and invoicing associated with CSEPs, including interconnectors, for which an administration charge is made.

The administration charge which applies to CSEPs containing NDM and DM sites is:

Invoice	Charge Code
ADU	879

#### CSEP Administration Charge

Charge per supply point	0.3288 pence per day (£1.20 per annum)
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### 2.8.2 Shared Supply Meter Point Allocation Arrangements

Transco offers an allocation service for daily metered supply points with AQs of more than 58,600 MWh per annum. This allows up to four (six for VLDMCs) shippers / suppliers to supply gas through a shared supply meter point.

The allocation of daily gas flows between the shippers / suppliers can be done either by an appointed agent or by Transco.

The administration charges which relate to these arrangements are shown below. Individual charges depend on the type of allocation service nominated and whether the site is telemetered or non-telemetered.

The charges are (expressed as £ per shipper per supply point):

Invoice	Charge Code
ADU	879

#### Agent Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£183.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£2.96

#### Transco Service

	Telemetered	Non-telemetered
Set-up charge	£107.00	£202.00
Shipper-shipper transfer charge	£126.00	£210.00
Daily charge	£2.55	£3.05

### 2.8.3 Interconnectors

#### - Allocation Arrangements at Interconnectors:

The following allocation charges apply at interconnectors (GB-Ireland and UK-Continent) and apply for each supply point. Allocating daily gas flows between shippers / suppliers can be done either by an appointed agent or by Transco. The same set up charge applies in either case. The daily charge depends on whether the service is provided through an agent or not:

Invoice	Charge Code
ADU	879

	Set up charge per shipper	Daily Charge per shipper
Agent service	£141.70	£1.62
Transco service	£141.70	£2.46

#### - Administration Charges at Moffat:

The following administration charges apply only to the GB-Ireland interconnector at Moffat. The charges, which vary if the service is provided via an agent or Transco, are detailed below:

Invoice	Charge Code
ADU	879

	Daily Charge per shipper
Agent service	£15.08
Transco service	£30.16

The charges with or without an agent cover the operation of the flow control valve. In addition the Transco service provides the Exit Flow Profile Notice (EPN).

In the event that the appointed agent fails to provide an EPN to Transco, the following additional charge will apply:

EPN Default Charge per shipper per event **£0.63**.

## Appendix 2A

### Estimation of Peak Daily Load for Non-Daily Metered Supply Points

For non-daily metered (NDM) supply points, the peak daily load is estimated using a set of End User Categories (EUCs). Each NDM supply point is allocated to an EUC. In each LDZ each EUC has an associated load factor, as listed in Tables 2A.2 and 2A.3. The data in these tables applies for the gas year 1 October 2004 to 30 September 2005.

In the tables 'XX' refers to the LDZ Code (e.g. WS).

These EUCs depend upon the annual quantity (AQ) of the supply point and, in the case of monthly read sites, the ratio of winter to annual consumption where available.

#### Monthly read sites

It is mandatory for supply points with an annual consumption greater than 293 MWh to be monthly read, however, at the shipper's request, sites below this consumption may also be classified as monthly read.

For monthly read sites where the relevant meter reading history is available, the winter: annual ratio is the consumption from December to March divided by the annual quantity. If the required meter reading information is not available, the supply point is allocated to an EUC simply on the basis of its annual quantity.

The peak load for an NDM supply point may then be calculated as:

$$\frac{AQ \times 100}{365 \times LoadFactor}$$

#### Example

For a supply point in Wales South LDZ with an annual consumption of 1,000 MWh per annum.

Assume consumption December to March inclusive is 500 MWh.

$$\text{Winter: annual ratio} = 500 \div 1000 = 0.5$$

For a site with an annual consumption of 1,000 MWh, a ratio of 0.5 falls within winter: annual ratio band WO3 and the site is thus within End User Category WS:E0404W03.

For a site in this category, the load factor is 31.2% and the peak daily load is therefore

$$\frac{1000 \times 100}{365 \times 31.2} = 8.78 \text{ MWh}$$

If the required meter reading information is not available to calculate the winter: annual ratio, the supply point is allocated to an EUC simply on the basis of its annual quantity, in this case WS:E0404B.

For a site in this category, the load factor is 33.4% and the peak daily load is therefore

$$\frac{1000 \times 100}{365 \times 33.4} = 8.20 \text{ MWh}$$

#### Six monthly read sites

In the case of six monthly read sites, the supply point is allocated to an EUC simply on the basis of its annual quantity.

#### Example

For a supply point in Scotland LDZ with an annual consumption of 200 MWh per annum, the EUC will be SC:E0402B.

For a site in this category, the load factor is 38.9% and the peak daily load is therefore

$$\frac{200 \times 100}{365 \times 38.9} = 1.41 \text{ MWh}$$

#### Notes

The term LDZ is applied in the context of its usage with reference to the Network Code daily balancing regime. This is not precisely the same as the term LDZ when it is used in the context of Transco's organisation structure.

For supply points whose consumption is over 73,200 kWh and which include one or more NDM supply meter points, an end user category code can be found in the supply point offer generated by UK Link. This code may be correlated with the end user category code shown opposite by means of a lookup table issued separately to shippers. Copies are available from the xoserve Supply Point Administration Management team on **0121 713 5569**.

For additional information regarding the demand estimation process, please contact Transco's Demand Estimation Team on **01926 656149**.

#### Daily metered supply points

The SOQ of daily metered sites is known and hence no load factor is required.

Supply points with annual consumptions greater than 58,600 MWh should be daily metered. However, a handful of sites remain as non-daily metered as a result of difficulties installing the daily read equipment. In such cases the end user category code XX:E0409B is used.

Firm supply points with an AQ above 73.2 MWh pa may, at the shipper's request, be classified as daily metered. All interruptible supply points are daily metered.

### **Consultation on end user categories**

Section H of the Network Code requires Transco to publish, \* by the end of June each year, its demand estimation proposals for the forthcoming supply year. These proposals comprise end user category definitions, NDM profiling parameters (ALPs and DAFs), and capacity estimation parameters (EUC load factors). Transco presents its analysis to users and consults with the Demand Estimation Sub-Committee (a sub-committee of the Network Code Committee) before publication of its proposals. Transco submits its final proposal not later than 15 August. On this occasion the final figures were unchanged from those published in June.

\* NDM Profiling and Capacity Estimation Algorithms for 2004/05, June 2004.

**Table 2A.1 Definition of end user categories**

The following tables define the end user category for particular LDZs by reference to annual consumption and winter: annual ratio, applicable from 1 October 2004 to 30 September 2005.

EUC Code	Annual Load (MWh)	Winter Annual Ratios (WAR)			
		W01	W02	W03	W04
xx:E0401B	0 to 73.2	-	-	-	-
xx:E0402B	73.2 to 293	-	-	-	-
xx:E0403B	293 to 732	0.00 - 0.42	0.42 - 0.49	0.49 - 0.57	0.57 - 1.00
xx:E0404B	732 to 2,196	0.00 - 0.42	0.42 - 0.49	0.49 - 0.57	0.57 - 1.00
xx:E0405B	2,196 to 5,860	0.00 - 0.39	0.39 - 0.46	0.46 - 0.54	0.54 - 1.00
xx:E0406B	5,860 to 14,650	0.00 - 0.34	0.34 - 0.42	0.42 - 0.50	0.50 - 1.00
xx:E0407B	14,650 to 29,300	0.00 - 0.33	0.33 - 0.40	0.40 - 0.48	0.48 - 1.00
xx:E0408B	29,300 to 58,600	0.00 - 0.32	0.32 - 0.35	0.35 - 0.42	0.42 - 1.00
xx:E0409B	> 58,600	-	-	-	-

**Table 2A.2 Small NDM Supply Points (Up to 2,196 MWh per annum)**

xx = LDZ =	SC	NO	NW	NE	EM	WM	WN	WS	EA	NT	SE	SO	SW
xx:E0401B	40.0%	35.9%	39.0%	38.6%	38.8%	35.2%	39.0%	35.3%	37.0%	36.0%	35.4%	32.0%	33.5%
xx:E0402B	38.9%	31.6%	34.7%	30.9%	32.4%	30.4%	34.7%	28.6%	35.0%	36.0%	34.9%	31.0%	28.4%
xx:E0403B	40.1%	32.1%	36.2%	33.2%	35.4%	29.8%	36.2%	30.3%	35.1%	34.3%	33.6%	31.1%	29.2%
xx:E0403W01	58.6%	55.8%	55.1%	55.8%	57.6%	50.3%	55.1%	54.7%	54.1%	58.5%	57.1%	53.4%	57.0%
xx:E0403W02	46.6%	39.7%	43.4%	44.2%	45.2%	38.9%	43.4%	43.0%	43.3%	44.0%	43.9%	39.5%	42.8%
xx:E0403W03	35.3%	28.0%	30.7%	32.1%	33.1%	28.6%	30.7%	31.2%	31.4%	32.1%	31.5%	28.3%	30.2%
xx:E0403W04	27.8%	23.6%	25.1%	25.5%	26.2%	23.1%	25.1%	23.5%	25.8%	24.8%	25.5%	21.8%	23.6%
xx:E0404B	41.3%	33.1%	36.9%	36.6%	35.8%	32.6%	36.9%	33.4%	35.9%	38.1%	37.2%	32.4%	35.1%
xx:E0404W01	58.6%	55.8%	55.1%	55.8%	57.6%	50.3%	55.1%	54.7%	54.1%	58.5%	57.1%	53.4%	57.0%
xx:E0404W02	46.6%	39.7%	43.4%	44.2%	45.2%	38.9%	43.4%	43.0%	43.3%	44.0%	43.9%	39.5%	42.8%
xx:E0404W03	35.3%	28.0%	30.7%	32.1%	33.1%	28.6%	30.7%	31.2%	31.4%	32.1%	31.5%	28.3%	30.2%
xx:E0404W04	27.8%	23.6%	25.1%	25.5%	26.2%	23.1%	25.1%	23.5%	25.8%	24.8%	25.5%	21.8%	23.6%

**Table 2A.3 Large NDM Supply Points ( 2,196 and above MWh per annum)**

xx: = LDZ =	SC	NO	NW	NE	EM	WM	WN	WS	EA	NT	SE	SO	SW
xx:E0405B	43.1%	36.8%	40.6%	39.0%	41.0%	36.6%	40.4%	38.7%	40.2%	42.2%	40.2%	36.6%	38.2%
xx:E0405W01	63.0%	59.2%	61.4%	62.2%	63.6%	57.6%	61.3%	62.7%	61.6%	61.6%	59.3%	56.9%	60.9%
xx:E0405W02	50.3%	44.5%	47.3%	47.4%	47.9%	43.1%	47.1%	47.3%	47.6%	49.2%	49.3%	44.2%	44.8%
xx:E0405W03	38.4%	32.1%	36.1%	37.2%	37.9%	33.4%	35.9%	36.6%	36.7%	38.1%	36.5%	32.7%	35.2%
xx:E0405W04	30.0%	25.1%	27.2%	26.6%	28.0%	25.3%	27.0%	26.1%	27.1%	28.9%	28.1%	24.5%	25.7%
xx:E0406B	47.4%	40.4%	45.7%	44.5%	46.0%	41.3%	45.5%	44.3%	43.7%	46.7%	46.5%	39.7%	43.6%
xx:E0406W01	70.3%	68.5%	69.9%	69.7%	69.8%	68.9%	69.8%	69.0%	74.6%	74.3%	74.1%	68.3%	68.9%
xx:E0406W02	55.2%	51.3%	54.3%	52.8%	52.7%	50.8%	54.1%	51.7%	55.2%	54.5%	53.8%	49.9%	51.8%
xx:E0406W03	42.4%	39.3%	42.8%	40.3%	40.2%	38.0%	42.6%	38.2%	43.1%	42.6%	42.2%	37.9%	39.4%
xx:E0406W04	30.2%	27.6%	30.9%	28.7%	29.1%	27.7%	30.7%	28.0%	30.8%	30.8%	30.4%	28.0%	29.2%
xx:E0407B	52.0%	48.2%	51.3%	51.4%	51.3%	49.1%	51.1%	43.0%	50.3%	49.6%	48.9%	41.0%	42.9%
xx:E0407W01	75.7%	74.8%	75.4%	74.8%	74.9%	74.4%	75.3%	77.9%	78.2%	77.9%	77.7%	76.9%	77.6%
xx:E0407W02	61.0%	57.7%	60.2%	59.6%	59.6%	57.8%	60.1%	57.9%	59.3%	58.7%	58.1%	55.8%	57.6%
xx:E0407W03	48.0%	44.0%	47.3%	46.0%	45.9%	43.6%	47.1%	44.0%	46.1%	45.4%	45.8%	41.8%	43.8%
xx:E0407W04	33.3%	29.8%	33.4%	32.1%	32.5%	30.8%	33.2%	30.6%	33.5%	33.1%	32.7%	30.0%	31.3%
xx:E0408B	67.6%	64.2%	66.9%	58.6%	58.6%	56.5%	66.8%	56.6%	58.8%	58.1%	57.5%	54.8%	56.8%
xx:E0408W01	84.8%	83.4%	83.8%	84.6%	84.6%	84.4%	83.8%	83.4%	84.4%	84.3%	84.3%	84.2%	83.5%
xx:E0408W02	72.4%	69.7%	71.7%	71.9%	71.9%	70.5%	71.6%	70.4%	71.4%	71.0%	70.6%	68.9%	70.2%
xx:E0408W03	58.4%	54.5%	57.4%	57.7%	57.6%	55.5%	57.2%	55.2%	56.9%	56.2%	55.6%	53.0%	55.0%
xx:E0408W04	38.8%	35.6%	39.1%	38.1%	38.4%	37.0%	38.9%	35.7%	38.8%	38.3%	37.9%	35.2%	36.5%
xx:E0409B	68.3%	64.7%	67.4%	67.6%	67.6%	65.6%	67.3%	65.5%	66.9%	66.3%	65.8%	63.5%	65.3%

## Appendix 2B

The table below details the NTS SO baseline entry capacity GWh/day identified in Transco's Transmission GT Licence (Special condition C8B, Schedule A, Table A2) and used as the basis for determination of minimum annual quantities to be offered. All quantities identified are for a 12-month period from April to March inclusive.

### NTS SO Baseline Entry Capacity (GWh/day)

Terminal	2005/6	2006/7 – 2020/21
<b>Coastal Terminals</b>		
Bacton	1,745	1,745
Easington/Rough	1,062	1,062
Theddlethorpe	848	848
St Fergus	1,648	1,677
Teesside	761	761
Barrow	712	712
Milford Haven	0	0
<b>Onshore Fields and Connections</b>		
Hatfield Moor	1	1
Wyth Farm	3.2	3.2
Burton Point	55	55
<b>Storage</b>		
Hatfield Moor	54	54
Hole House Farm	26	26
Hornsea	175	175
Glenmavis	99	99
Partington	215	215
Cheshire	161	214
Barton Stacey	0	0
Garton	0	0
<b>Constrained LNG</b>		
Avonmouth	149	149
Dynevor Arms	50	50
Isle of Grain	218	218

## **Appendix 2C (i)**

This table will identify the current obligated system entry capacity offered in Annual System Entry Capacity auctions (to be held in February 2006) and is determined in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of Transco's Transmission GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with Transco's IECR statement.

### **AMSEC Entry Capacity (kWh/day)**

## **Appendix 2C (ii)**

This table will be available prior to the LTSEC auctions in September 2005 and will identify the current obligated system entry capacity, available at the applicable reserve price, to be offered in Annual System Entry Capacity auctions and is determined in accordance with paragraph 14(5)(g) of part 2 of Special Condition C8B of Transco's Transmission GT Licence. For periods that are subject to a QSEC allocation, then supply can be further expanded in accordance with Transco's IECR statement.

### **QSEC Entry Capacity (kWh/day)**

## Appendix 2D

The tables below detail the step prices (p/kWh/day) for use in the auctions of Quarterly System Entry Capacity.

### QSEC Step Prices (p/kWh/day)

Pence/kWh/day

	Coastal terminals						Increment (GWh)	Milford Haven
	Bacton	Easington & Rough	Theddlethorpe	St. Fergus	Teesside	Barrow		
Baseline	0.0059	0.0011	0.0010	0.0208	0.0019	0.0005	Baseline	0.0000
2.50%	0.0060	0.0012	0.0011	0.0209	0.0020	0.0006	50	0.0436
5.00%	0.0061	0.0013	0.0012	0.0212	0.0021	0.0007	100	0.0262
7.50%	0.0062	0.0014	0.0013	0.0213	0.0022	0.0008	150	0.0196
10.00%	0.0063	0.0015	0.0014	0.0214	0.0023	0.0009	200	0.0169
12.50%	0.0064	0.0016	0.0015	0.0216	0.0024	0.0010	250	0.0153
15.00%	0.0065	0.0017	0.0016	0.0217	0.0025	0.0011	300	0.0140
17.50%	0.0066	0.0018	0.0017	0.0218	0.0026	0.0012	350	0.0125
20.00%	0.0067	0.0019	0.0018	0.0220	0.0027	0.0013	400	0.0113
22.50%	0.0068	0.0020	0.0019	0.0230	0.0028	0.0014	450	0.0104
25.00%	0.0069	0.0021	0.0020	0.0242	0.0029	0.0015	500	0.0097
27.50%	0.0071	0.0022	0.0021	0.0253	0.0030	0.0016	550	0.0093
30.00%	0.0072	0.0023	0.0022	0.0260	0.0031	0.0017	600	0.0092
32.50%	0.0073	0.0024	0.0023	0.0268	0.0032	0.0018	650	0.0091
35.00%	0.0074	0.0025	0.0024	0.0275	0.0033	0.0019	700	0.0090
37.50%	0.0075	0.0026	0.0025	0.0281	0.0034	0.0020	750	0.0087
40.00%	0.0076	0.0027	0.0026	0.0287	0.0035	0.0021	800	0.0085
42.50%	0.0077	0.0028	0.0027	0.0292	0.0036	0.0022	850	0.0083
45.00%	0.0078	0.0029	0.0028	0.0296	0.0037	0.0023	900	0.0082
47.50%	0.0079	0.0030	0.0029	0.0300	0.0038	0.0024	950	0.0080
50.00%	0.0080	0.0031	0.0030	0.0304	0.0039	0.0025	1,000	0.0078
Baseline (GWh)	1655	1027	791	1628	751	711	Baseline (GWh)	0

Pence/kWh/day

	Onshore Fields and connections							
	Hatfield Moor		Wyth Farm		Burton Point		Hole House Farm	
Baseline	0.0014	Baseline	0.0000	Baseline	0.0001	Baseline	0.0001	
10%	0.0015	10%	0.0001	10%	0.0002	10%	0.0002	
20%	0.0016	20%	0.0002	20%	0.0003	20%	0.0003	
30%	0.0017	30%	0.0003	30%	0.0004	30%	0.0004	
40%	0.0018	40%	0.0004	40%	0.0005	40%	0.0005	
50%	0.0019	50%	0.0005	50%	0.0006	50%	0.0006	
Baseline (GWh)	55	3	55	26				

## Appendix 2D continued

Pence/kWh/day

Storage Sites										Increment (GWh)	Barton Stacey
Garton		Cheshire		Hornsea		Glenmavis		Partington			
Baseline	0.0013	Baseline	0.0001	Baseline	0.0050	Baseline	0.0173	Baseline	0.0003	Baseline	0.0000
2.50%	0.0014	6.25%	0.0002	8.33%	0.0052	10.00%	0.0174	6.25%	0.0004	15	0.0001
5.00%	0.0015	12.50%	0.0003	16.67%	0.0054	20.00%	0.0175	12.50%	0.0005	30	0.0002
7.50%	0.0016	18.75%	0.0004	25.00%	0.0058	30.00%	0.0179	18.75%	0.0006	45	0.0003
10.00%	0.0017	25.00%	0.0005	33.33%	0.0060	40.00%	0.0186	25.00%	0.0007	60	0.0004
12.50%	0.0018	31.25%	0.0006	41.67%	0.0063	50.00%	0.0194	31.25%	0.0008	75	0.0005
15.00%	0.0019	37.50%	0.0007	50.00%	0.0067			37.50%	0.0009	90	0.0006
17.50%	0.0020	43.75%	0.0008					43.75%	0.0010	105	0.0007
20.00%	0.0021	50.00%	0.0009					50.00%	0.0011	120	0.0008
22.50%	0.0022									135	0.0009
25.00%	0.0023									150	0.0010
27.50%	0.0024									165	0.0011
30.00%	0.0025									180	0.0012
32.50%	0.0026									195	0.0013
35.00%	0.0027									210	0.0014
37.50%	0.0028									225	0.0015
40.00%	0.0029									240	0.0016
42.50%	0.0030									255	0.0017
45.00%	0.0031									270	0.0018
47.50%	0.0032									285	0.0019
50.00%	0.0033									300	0.0020
Baseline (GWh)	420		214		175		99		215	Baseline (GWh)	0

Pence/kWh/day

	Constrained LNG					
	Avonmouth		Dynevor Arms		Isle of Grain	
	Baseline	0.0021	Baseline	0.0000	Baseline	0.0060
	10.00%	0.0022	10.00%	0.0004	6.25%	0.0061
	20.00%	0.0023	20.00%	0.0007	12.50%	0.0062
	30.00%	0.0024	30.00%	0.0009	18.75%	0.0065
	40.00%	0.0025	40.00%	0.0011	25.00%	0.0067
	50.00%	0.0026	50.00%	0.0013	31.25%	0.0069
					37.50%	0.0071
					43.75%	0.0072
					50.00%	0.0073
Baseline (GWh)		149		50		218