

Interconnector (UK) Limited



**Charging Statement
related to the
IUK Access Agreement
and
IUK Access Code
Issue 11**

Applicable from 01 September 2018

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1. Introduction

This statement sets out the charges that Interconnector (UK) Limited (“IUK”) will apply from the publication date for transportation services provided under an IUK Access Agreement (the “IAA”) and the IUK Access Code (“IAC”). The statement will be revised and reissued when appropriate. These charges are consistent with the principles outlined in IUK’s Charging Methodology.

Entry and Exit Capacity is made available for sale by means of auctions on the PRISMA platform in accordance with Commission Regulation (EU) 2017/459 (“CAM Code”). In addition, capacity may be made available via an Implicit Allocation Mechanism using an Implicit Allocation Partner according to the rules set out in Annex B-3 of the IAC.

For capacity offered for use during the period to 1 October 2018, the reserve prices have been determined as set out in Appendix 1.

For capacity offered for use from 1 October 2018 onwards the factors determining the prices are:

- Competitive forces and the prices of competing and complementary services;
- Operating costs for operating and maintaining the company and its assets;
- Capital expenditures required to maintain the service;
- Projected customer demand for IUK capacity and the forecast volume of both long term and short term sales under a range of market scenarios; and
- A risk premium applied to the yearly standard capacity product reflecting the benefits of certainty regarding the level of the price. The level of the premium has been set to zero.

IUK’s reserve prices for allocation through an auction or prices for allocation through implicit allocation are fixed at the time of allocation. For products to be used in a future year, this fixed price will be subject to annual indexation¹. Any auction premium will be used by IUK to contribute to maintaining and operating the pipeline.

IUK offers capacity in kWh/h and all capacity related charges are calculated as p/(kWh/h)/h. For capacity products offered on PRISMA, the runtime price is calculated using the number of hours in the relevant runtime. Capacity offered via an Implicit Allocation Mechanism (“IAM”) will be in p/(kWh/h)/h. Capacity charges will be calculated using the relevant p/(kWh/h)/h and the hours in the billing period. Invoiced amounts will be either in Pounds sterling to the nearest penny or Euros to the nearest euro cent.

Further information on the charges that apply for transportation services under an IAA is set out in Section F of the IAC and IUK’s Charging Methodology. The definitions of terms used in this document can be found in the IAA.

Information about IUK and copies of the IAA, IAC and IUK’s Charging Methodology can be found on the IUK website at www.interconnector.com.

¹ See IAC Section F paragraph 5.3. Indexation is based on RPI - “CHAW” Index numbers of consumer prices – “RPI All Items”.

2. Reserve Prices for Capacity offered for use during the Gas Year 2017-18

2.1 Daily Firm Capacity

The price to apply is 0.017442 p/(kWh/h)/h.

3. Reserve Prices for Capacity offered for use during the Gas Year 2018-19 and future Gas Years

3.1 Standard Firm Capacity Products offered via PRISMA

3.1.1 Annual Firm Capacity offered in July 2018

The prices that applied are as follows:

| | 2018-19 | 2019-20 to 2022-23 | 2023-24 to 2032-33 |
|-----------------|-------------|--------------------|--------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.017061 | 0.015355 |
| Zeebrugge Exit | 0.018767 | 0.017061 | 0.015355 |
| Zeebrugge Entry | 0.018767 | 0.017061 | 0.015355 |
| Bacton Exit | 0.018767 | 0.017061 | 0.015355 |

3.1.2 Quarterly Firm Capacity

The prices to apply are as follows:

| | Jan 19 - Mar 19 Q1 2019 | Apr 19 – Jun 19 Q2 2019 | Jul 19 – Sep 19 Q3 2019 |
|-----------------|----------------------------|----------------------------|----------------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.025591 | 0.025591 |
| Zeebrugge Exit | 0.018767 | 0.025591 | 0.025591 |
| Zeebrugge Entry | 0.025591 | 0.018767 | 0.018767 |
| Bacton Exit | 0.025591 | 0.018767 | 0.018767 |

The large price step in an auction is set at 5% of the applicable IUK reserve price published on the PRISMA platform.

3.1.3 Monthly Firm Capacity

The prices to apply are as follows:

| | Oct 18 | Nov 18 | Dec 18 | Jan 19 | Feb 19 | Mar 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.034121 |
| Zeebrugge Exit | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.034121 |
| Zeebrugge Entry | 0.034121 | 0.034121 | 0.042652 | 0.051182 | 0.051182 | 0.034121 |
| Bacton Exit | 0.034121 | 0.034121 | 0.042652 | 0.051182 | 0.051182 | 0.034121 |

| | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 |
| Zeebrugge Exit | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 |
| Zeebrugge Entry | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.018767 |
| Bacton Exit | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.018767 |

IUK will notify any changes to the monthly firm capacity prices at least two weeks in advance of the relevant monthly auction.

3.1.4 Daily Firm Capacity

The prices to apply are as follows:

| | Oct 18 | Nov 18 | Dec 18 | Jan 19 | Feb 19 | Mar 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.068243 |
| Zeebrugge Exit | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.068243 |
| Zeebrugge Entry | 0.068243 | 0.068243 | 0.093834 | 0.093834 | 0.093834 | 0.068243 |
| Bacton Exit | 0.068243 | 0.068243 | 0.093834 | 0.093834 | 0.093834 | 0.068243 |

| | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 |
| Zeebrugge Exit | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 |
| Zeebrugge Entry | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.037534 |
| Bacton Exit | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.037534 |

IUK will notify any changes to the daily firm capacity prices at least six hours in advance of the relevant daily auction.

3.1.5 Within Day Firm Capacity

The prices to apply are as follows:

| | Oct 18 | Nov 18 | Dec 18 | Jan 19 | Feb 19 | Mar 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.068243 |
| Zeebrugge Exit | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.068243 |
| Zeebrugge Entry | 0.068243 | 0.068243 | 0.093834 | 0.093834 | 0.093834 | 0.068243 |
| Bacton Exit | 0.068243 | 0.068243 | 0.093834 | 0.093834 | 0.093834 | 0.068243 |

| | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 |
| Zeebrugge Exit | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 | 0.068243 |
| Zeebrugge Entry | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.037534 |
| Bacton Exit | 0.068243 | 0.037534 | 0.037534 | 0.037534 | 0.037534 | 0.037534 |

IUK will notify any changes to the within day firm capacity prices at least one hour in advance of the relevant within-day auction.

3.1.6 Price Multiplier Caps

The absolute level of the price multipliers caps relative to the prices for firm Annual Capacity are:

| | |
|------------|---|
| Monthly | 3 |
| Daily | 6 |
| Within Day | 6 |

3.2 Standard Interruptible Capacity Products

IUK will offer daily interruptible capacity if the corresponding daily standard firm capacity product was sold at an auction premium, was sold out, or was not offered. The daily interruptible capacity reserve prices will be at a 10% discount to the prevailing daily standard firm product reserve prices.

IUK may offer annual, quarterly, monthly and within day interruptible capacity if the corresponding standard firm capacity product was sold at an auction premium, was sold out, or was not offered. If offered, the interruptible capacity reserve prices will be at a 10% discount to the corresponding standard firm product of the same period.

The interruptible capacity discount has been set to 10% to the corresponding standard firm capacity product to signal that this capacity may be interrupted².

3.3 Capacity Products offered via Implicit Allocation

3.3.1 Annual Firm Capacity

Annual Firm Capacity may be offered for any of the following five Gas Years. The fixed prices to apply are as follows:

| | 2018-19 | 2019-20 to 2022-23 |
|-----------------|-------------|-----------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.017061 |
| Zeebrugge Exit | 0.018767 | 0.017061 |
| Zeebrugge Entry | 0.018767 | 0.017061 |
| Bacton Exit | 0.018767 | 0.017061 |

3.3.2 Seasonal Firm Capacity

Capacity may offered for any two consecutive Quarters in the next three years. The fixed prices to apply are as follows:

| | Oct 18 - Mar 19 Winter | Jan 19 - June 19 H1 2019 | Apr 19 – Sep 19 Summer | Jul 19 – Dec 19 H2 2019 |
|-----------------|---------------------------|-----------------------------|---------------------------|----------------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.021326 | 0.023885 | 0.021326 |
| Zeebrugge Exit | 0.018767 | 0.021326 | 0.023885 | 0.021326 |
| Zeebrugge Entry | 0.023885 | 0.021326 | 0.018767 | 0.021326 |
| Bacton Exit | 0.023885 | 0.021326 | 0.018767 | 0.021326 |

² In last 10 years there have been very few interruptions to firm capacity rights. Whilst this suggests a very low discount relative to standard firm products, in a situation when the corresponding standard firm capacity has all been sold out, given UK is a single asset without access to a wider system, IUK's capacity is limited by its interconnection point technical capacity. There will therefore be a higher risk of interruption than suggested by looking at just historical hours lost. IUK has hence rounded the discount to 10%.

| | Oct 19 - Mar 20 Winter | Jan 20 - June 20 H1 2020 | Apr 20 – Sep 20 Summer | Jul 20– Dec 20 H2 2020 |
|-----------------|-----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.021326 | 0.023885 | 0.021326 |
| Zeebrugge Exit | 0.018767 | 0.021326 | 0.023885 | 0.021326 |
| Zeebrugge Entry | 0.023885 | 0.021326 | 0.018767 | 0.021326 |
| Bacton Exit | 0.023885 | 0.021326 | 0.018767 | 0.021326 |

| | Oct 20 - Mar 21 Winter | Jan 21 - June 21 H1 2021 | Apr 21 – Sep 21 Summer |
|-----------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.021326 | 0.023885 |
| Zeebrugge Exit | 0.018767 | 0.021326 | 0.023885 |
| Zeebrugge Entry | 0.023885 | 0.021326 | 0.018767 |
| Bacton Exit | 0.023885 | 0.021326 | 0.018767 |

3.3.3 Quarterly Firm Capacity

Capacity may be offered for any of the following four Quarters. The prices to apply are as follows:

| | Oct 18 - Dec 18 Q4 2018 | Jan 19 - Mar 19 Q1 2019 | Apr 19 – Jun 19 Q2 2019 | Jul 19 – Sep 19 Q3 2019 |
|-----------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.018767 | 0.018767 | 0.025591 | 0.025591 |
| Zeebrugge Exit | 0.018767 | 0.018767 | 0.025591 | 0.025591 |
| Zeebrugge Entry | 0.025591 | 0.025591 | 0.018767 | 0.018767 |
| Bacton Exit | 0.025591 | 0.025591 | 0.018767 | 0.018767 |

Whilst IUK has the right to change the quarterly firm capacity prices at least a week in advance of the relevant Implicit Allocation offering, prices will be fixed at the time of allocation.

3.3.4 Monthly Firm Capacity

Capacity may be offered for any of the following three months. The prices to apply are as follows:

| | Oct 18 | Nov 18 | Dec 18 | Jan 19 | Feb 19 | Mar 19 |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.034121 |
| Zeebrugge Exit | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.034121 |
| Zeebrugge Entry | 0.034121 | 0.034121 | 0.042652 | 0.051182 | 0.051182 | 0.034121 |
| Bacton Exit | 0.034121 | 0.034121 | 0.042652 | 0.051182 | 0.051182 | 0.034121 |

| | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h | p/(kWh/h)/h |
| Bacton Entry | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 |
| Zeebrugge Exit | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 | 0.034121 |
| Zeebrugge Entry | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.018767 |
| Bacton Exit | 0.034121 | 0.018767 | 0.018767 | 0.018767 | 0.018767 | 0.018767 |

Whilst IUK has the right to change the monthly firm capacity prices at least a day in advance of the relevant Implicit Allocation offering, prices will be fixed at the time of allocation.

4. Commodity Charges

4.1 Charges for Gas Year 2017-18

4.1.1 Fuel Gas Charges

During the Gas Year 2017-18, a Fuel Gas Charge shall be payable by an IAA Shipper in respect of any Gas Day on which any Fuel Gas is allocated to the IAA Shipper in accordance with the IAC Section D. Such charge shall be an amount (in Pounds Sterling) equal to the Negative Imbalance Daily Gas Price multiplied by the total quantity of Fuel Gas allocated to that IAA Shipper on that Gas Day (ref. IAC Section F).

4.1.2 Electricity Charges

During the Gas Year 2017-18, each IAA Shipper shall pay a monthly electricity charge, an amount (in Euros) equal to the Estimated Compressor Electricity Unit Cost multiplied by the total amount of electricity allocated to that IAA Shipper in that month in accordance with IAC Section D.

For the Gas Year 2017-18, the Estimated Compressor Electricity Unit Cost has been determined as 0.1 Euro/kWh. After the Gas Year a reconciliation will take place based on the actual costs of Compressor Electricity as detailed in IAC Section F.

4.2 Commodity Charges for the Gas Year 2018-19

In accordance with Section F paragraph 9.3 of the IAC, IUK will invoice each IAA Shipper with a Monthly Commodity Charge which covers the cost of flowing gas taking into account shrinkage.

The commodity charges are calculated using the following formulae:

Commodity Charge (Bacton) in p/kWh = $0.0001024 * MA\ NBP$

Commodity Charge (Zeebrugge) in p/kWh = $0.0002252 * MA\ NBP + 0.0002423 * MA\ ENDEX * Fx$

Where:

- (i) MA NBP is the mean of the NBP bid and offer prices for the front month as published in ICIS Heren NBP Price Assessment in p/therm;
- (ii) MA ENDEX is the front month price taken from ICE ENDEX Belgian Power Baseload Futures in €/MWh;
- (iii) Fx is the 'ECB reference exchange rate, UK pound sterling/Euro, 2:15 (C.E.T)' as published for the relevant day by the European Central Bank at <http://sdw.ecb.europa.eu/>.

The commodity charges for the following month will be calculated and fixed two weeks before the monthly auction, using the most recently available data, and published on IUK's website.

IUK reserves the right to change the formulae parameters with a 28 day notice throughout the gas year in case of a significant over/under run between the actual costs vs. invoiced charges. Any changes to the formulae parameters will not affect commodity charges which have already been fixed and published on IUK's website.

5. Initial Registration Fee

The Initial Registration Fee charged by IUK for any new IAA Shippers signing an IAA during the Gas Year 2017-18 or 2018-19 is set to zero.

6. Monthly Administration Fee

The Monthly Administration Fee payable by each IAA Shipper under an IAA during the Gas Year 2017-18 is £501 and during the Gas Year 2018-19 is £516.

The fee for future Gas Years will be calculated as set out in Appendix 2.

7. Maximum Buy-back Price

When IUK implements the Buy-back procedure as set out in the IAC Section C paragraph 3.1, it will accept offers from shippers subject to paying no more than the Maximum Buy-back Price. This is the aggregate price that IUK will pay for offered Entry Capacity and Exit Capacity and will be calculated as the weighted average price paid for that day's Entry Capacity and Exit Capacity plus a premium of 0.034210 p/(kWh/h)/h for Gas year 2017-18 and 0.035233 p/(kWh/h)/h for Gas Year 2018-19. The premium for future Gas Years will be calculated as set out in Appendix 2.

8. Forced Buy-back Price

When IUK implements the Forced Buy-back procedure set out in the IAC Section C paragraph 3.2, it will pay an IAA Shipper for the reduction in Entry Capacity and Exit Capacity at the Forced Buy-back Price. This price shall be the price paid by the IAA Shipper for such capacity plus a premium equal to 5% of the weighted average price paid for all Entry Capacity and Exit Capacity for that day.

9. Net OS Revenue Account

IUK will keep track of the revenue from IAA Capacity sales that originated from oversubscription on a cumulative basis over the Gas Year, minus any payments made for Buy-back during that time. The net amount will be allowed to go negative up to a limit, the "**Maximum Deficit**", of £100,000. At this level, if further Buy-back is required, IUK will implement the Forced Buy-back procedure.

At the end of the Gas Year, if the balance in the Net OS Revenue Account is positive, then 75% of this amount (the "**Net Revenue Share**") will be distributed to all shippers (STA and IAA Shippers, and Sub-Lessees under the STA) based on their allocated flow over the year. If the balance in the Net OS Revenue Account is negative, the amount to be distributed shall be zero.

10. Balancing Charges

An IAA Shipper has an obligation to be in balance on an hourly basis such that its Intended Inputs equal its Intended Outputs. Intended Inputs and Intended Outputs take into account the IAA Shipper's Confirmed Nomination Quantities for Entry and Exit and additionally any Acquiring or Disposing Trade Notifications.

Any differences that occur between allocated Inputs and Outputs (such differences only arise during exceptional circumstances), are allowed to accumulate from one day to the next without any penalty

or recompense within an allowed cumulative tolerance (“**Allowed Tolerance**”) for each IAA Shipper of $\pm 560,000$ kWh.

On any Gas Day on which the IAA Shipper’s accumulated imbalance exceeds the Allowed Tolerance, a Balancing Charge shall apply as detailed in the IAC Section E and Section F.

Appendix 1 – Calculation Methodology and Indexation for unit capacity price to apply up to the end of Gas Year 2017-18

IUK's Charging Methodology for all charges under the IAA and IAC, including the method for calculating the Reserve Price, has been approved by Ofgem and CREG following a public consultation as meeting IUK's standard licence condition of being objective, transparent and non-discriminatory to both existing and prospective IUK Shippers.

The base value is calculated from the average cost of capacity derived from IUK's Financial Statement for year ending 30th September 2013:

- Tariff based on construction costs = £142,883,000
- Tariff to recover operating costs = £34,901,000
- Total Capacity (kWh/h) = 59,731,735 (equivalent to 45.5 bcm/yr)

AVERAGE COST OF CAPACITY FOR GAS YEAR 2012-13

$$= (£142,883,000 + £34,901,000) * 100 / (8760 * 59,731,735) = \mathbf{0.033977 \text{ p/(kWh/h)/hour}}$$

An indexation factor is used to calculate the total Reserve Price for IAA capacity for future Gas Years:

Indexation Factor = ratio based upon the Producer Price Index (PPI) = PPI_r/PPI_o (see Appendix 2 for PPI Data), where

- PPI_r = the average value of the PPI for the twelve month period ending on 30 June immediately prior to the commencement of the Gas Year which ends on 30 September in year r in respect of which the price is calculated (see Appendix 2)
- PPI_o = average PPI for twelve months ending 30 June 2012 = 106.1083

Calculation of base Reserve Price effective from 1 October 2017

From table in Appendix 2 : PPI_r for 2017-18 = 108.9417

Indexation Factor for 2017-18 = 108.9417/106.1083 = 1.0267

TOTAL BASE RESERVE PRICE FOR CAPACITY FOR GAS YEAR 2017-18

$$= 0.033977 * 1.0267 = 0.034884 \text{ p/(kWh/h)/hour}$$

This is split 50:50 into the base Entry Capacity Reserve Price and base Exit Capacity Reserve Price of 0.017442 p/(kWh/h)/hour.

Appendix 2 – Calculation of Fees

The following fees will, in future Gas Years, be calculated according to the value of the following –

- (a) Monthly Administration Fee:
£500*Fee Indexation Factor
- (b) Maximum Buy-back Price premium:
0.034121*Fee Indexation Factor (expressed in p/(kWh/h)/h)

Fee Indexation Factor = PPI_r / PPI₀, where:

- “Producer Price Index” or “PPI” means the “JVZ7” Index numbers of producer prices – “PPI : 7200700000 : Net Sector Output Prices – Output of manufactured products” as published by the Office for National Statistics in the monthly Producer Price Index Dataset (or any successor to such Index published by such Office or any other department of HM Government) at www.ons.gov.uk.
- PPI_r = the average value of the PPI for the twelve month period ending on 30 June immediately prior to the commencement of the Gas Year which ends on 30 September in year r in respect of which the price is calculated
- PPI₀ = average PPI for twelve months ending 30 June 2014 = 108.6583

The relevant PPI data from the above referenced source and used in this document, is reproduced below –

| Base 2010=100 | | | | | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|-------------------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Avg | PPI _r |
| 2011-12 | 105.4 | 105.4 | 105.6 | 105.6 | 105.8 | 105.7 | 105.9 | 106.3 | 106.8 | 107.2 | 107 | 106.6 | 106.1083 | PPI ₁₃ |
| 2012-13 | 106.8 | 107.2 | 107.5 | 107.6 | 107.4 | 107.2 | 107.6 | 108.1 | 108.4 | 108.3 | 108.3 | 108.4 | 107.7333 | PPI ₁₄ |
| 2013-14 | 108.7 | 108.8 | 108.8 | 108.5 | 108.3 | 108.3 | 108.6 | 108.7 | 108.8 | 108.9 | 108.8 | 108.7 | 108.6583 | PPI ₁₅ |
| 2014-15 | 108.6 | 108.5 | 108.3 | 107.7 | 107.6 | 107.1 | 106.6 | 106.8 | 106.9 | 107.0 | 107.1 | 107.1 | 107.4417 | PPI ₁₆ |
| 2015-16 | 106.9 | 106.4 | 106.3 | 106.1 | 105.9 | 105.6 | 105.5 | 105.6 | 106.1 | 106.5 | 106.6 | 106.9 | 106.2000 | PPI ₁₇ |
| 2016-17 | 107.1 | 107.3 | 107.6 | 108.3 | 108.4 | 108.7 | 109.3 | 109.5 | 110 | 110.3 | 110.4 | 110.4 | 108.9417 | PPI ₁₈ |
| 2017-18 | 110.6 | 111.0 | 111.2 | 111.4 | 111.8 | 112.1 | 112.4 | 112.4 | 112.7 | 113.1 | 113.7 | 114.0 | 112.2000 | PPI ₁₉ |