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Dear Andrew,

Response to the Consultation NTS Exit Capacity Release Methodology Statement (IExCR) in respect of the Interim and Transitional Periods

Thank you for the invitation to respond to the IExCR consultation as published on 31st January 2008. The response is sent on behalf of National Grid Gas Distribution.

In terms of the proposed changes to the Methodology we have the following comments:

Updating the Statement for the additional year

With the further delay in the implementation of Enduring Exit Reform we understand why the Interim and Transitional IExCR has to be extended for a further year. Notwithstanding our comments made below without it there would not be a methodology for the release of capacity for the Gas Year starting 1 October 2011.

Inclusion of a summary table and definitions section

We welcome these additions to the document. In general they add clarity to the description of the methodology, however we do have reservations in terms of the definitions of existing capacity and incremental capacity as described below.

Inclusion of the processes for the release of existing capacity

Whilst we welcome in principle the inclusion of this new section on the allocation of existing capacity we feel that this would benefit further if there were reference to a definition of existing capacity, particularly at NTS/LDZ offtakes. We assume existing capacity means capacity allocated in a previous Offtake Capacity Statement process but we would welcome clarity on this point.

Removal of the table of Initial Volume Allocations (IVAs)

Whilst we understand that IVAs have been removed from the methodology because of the removal of the reference in the NTS Licence we feel that this has left incremental capacity to be ill-defined. Previously incremental capacity was understood to mean that level of capacity that was requested in excess of the IVAs. However in the document incremental capacity is now defined as meaning "capacity (requested) to be made available in excess of the existing level". If we assume our definition of existing capacity is correct then this meaning works for the years 2008/9, 2009/10 and 2010/11 because DNs have received allocations through the OCS process however we have not yet received an allocation for 2011/12 and therefore in our OCS application in 2008 DNs will not know if they are requesting incremental capacity. This could therefore lead to potentially inefficient investment in our networks. We would ask that this is addressed in the final document.

I hope you find this response helpful. If you wish to discuss any of these comments any further, please do not hesitate to contact me.

Yours sincerely

By Email

Mark Freeman
Contract Manager – Exit Reform