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Our Ref: 2018 – Balgray- ExCS

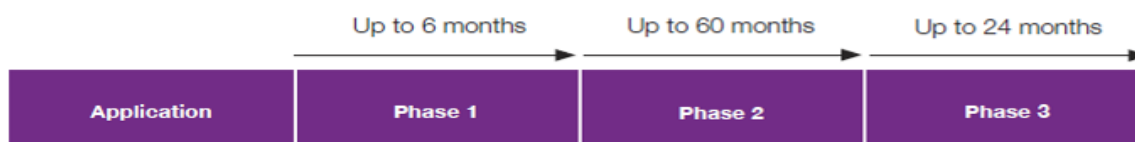
Dear Industry Colleagues,

Balgray ExCS Informal Notice (including exit Substitution & Baseline Revision)

National Grid Gas plc (“National Grid”) received a Planning and Advanced Reservation of Capacity Agreement (PARCA) application on 15th October 2018. The application achieved competency¹ on 31st October 2018. The application requested firm Enduring Annual NTS exit (Flat) Capacity² in excess of the prevailing baseline capacity level at the Balgray exit point. The application requested up to 2,808,000 kWh/d from 1st April 2020. This was superseded by a communication on 26th March 2019 from the PARCA Applicant requesting a reservation of a reduced capacity of up to:

- 1,404,000 kWh/d from 1st April 2020

The PARCA application triggered Phase 1 of the PARCA process on 5th November 2018.



As part of Phase 1 works, National Grid completed network analysis to identify the most appropriate and robust solution to accommodate the capacity being requested. The Phase 1 process identified that the capacity request could be met by utilising the unsold exit capacity at Balgray, as of 1st April 2020, in addition to;

- Releasing non-obligated capacity up to the indicated value from 1st April 2020 to 30th September 2020
- Substitution of unsold exit from Careston and Drum Distribution Network (DN) exit points, from 1st October 2020

This informal notice signifies the end of PARCA Phase 1 and the first opportunity for industry parties to raise any concerns around the method to meet the additional capacity request in this location.

¹ As per Uniform Network Code, Transportation Principal Document, Section B – System Use and Capacity, para. 1.15.4.

² Please note that this notice contains terminology relating to Exit Capacity which is used in the Licence and in the Uniform Network Code (“UNC”). Licence defined capacity terms are given in ***bold italics***.

Application for Capacity Release

Substitution of Unsold Capacity from 1st October 2020

As part of the Phase 1 works, National Grid completed network analysis to assess what impact the capacity had on the existing network.

In accordance with the Gas Transporter Licence³, substitution⁴ of **Non-incremental Obligated Capacity** has been assessed and identified as being able to meet the Firm Enduring Annual NTS (Flat) Capacity requirements in excess of the prevailing baseline NTS Capacity at the Balgray exit point in full.

National Grid therefore proposes that from 1st October 2020:

- The unsold Baseline NTS Capacity at Balgray is used
- Additional Baseline NTS Capacity identified at the Balgray exit point is met by substituting unsold NTS Baseline Capacity from Careston and Drum DN exit points (See table below).

Statement of proposed **Non-incremental** Capacity substitution in accordance with Special Condition 5G paragraph 6 (formerly paragraph 4(a) (iv) of Special Condition C8E) of the Licence:

<i>Recipient NTS Point</i>	<i>Donor NTS Exit Points</i>	<i>Capacity Donated (kWh/d)</i>	<i>Capacity Received (kWh/d)</i>	<i>Exchange Rate (Donor : Recipient)</i>	<i>Total Exchange Rate (Donor : Recipient)</i>
Balgray	Careston	275,037	275,037	1:1	1:1
	Drum	363,582	363,582	1:1	

³ Special Condition 5G (formerly paragraph 3(c) (i) of Special Condition C8E).

⁴ During October 2015, the Authority approved the Exit Capacity Substitution and Revision Methodology Statement (the "Methodology") pursuant to Special Condition 9A.

Baseline Modification Proposal:

<i>NTS Point</i>	<i>Type</i>	<i>Recipient / Donor</i>	<i>Current Baseline (kWh/d)</i>	<i>Proposed Baseline (kWh/d)</i>	<i>Remaining unsold capacity (kWh/d)</i>
Balgray	DN	Recipient	15,723,362	16,361,981	0
Careston	DN	Donor	3,851,761	3,576,724	0
Drum	DN	Donor	82,525,354	82,161,772	15,204,991

Appendix 1 provides additional information regarding the proposal to demonstrate that National Grid has determined its proposals for capacity substitution in accordance with the Methodology.

I would therefore be grateful if you could acknowledge receipt of this written proposal and the date on which it was received.

If you require any further information, please contact myself or Mark Hamling, Gas Network Capability Manager on 01926 654276.

Yours sincerely,

Paul Sullivan

Future Networks Manager

Gas Operations

System Operator

National Grid