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1st April 2020

Our Ref: 2020 – Saltholme - ExCS - Formal Notice

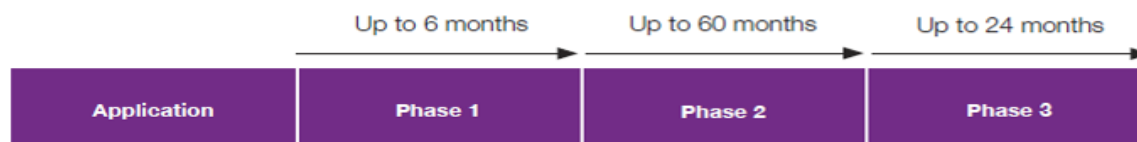
Dear Industry Colleagues,

Saltholme ExCS Formal Notice (including Exit Substitution & Baseline Revision)

National Grid Gas plc (“National Grid”) received a Planning and Advanced Reservation of Capacity Agreement (PARCA) application on 17th December 2018. The application achieved competency¹ on 17th December 2018. The application requested firm **Enduring Annual NTS Exit (Flat) Capacity**² at a new exit point at Saltholme. As advised on the 24th September 2019, by the PARCA Notice Capacity Reservation update, the application requested:

- 7,310,160 kWh/d from 1st June 2020

The PARCA application triggered Phase 1 of the PARCA process on 17th January 2019.



As part of Phase 1 works, National Grid completed network analysis to identify the most economic and efficient solution to accommodate the **NTS Exit (Flat) Capacity** being requested. The Phase 1 process identified that the **NTS Exit (Flat) Capacity** request could be met by;

- Releasing **Non-obligated Exit Capacity** up to the indicated value from 1st June 2020 to 30th September 2020
- Substituting **Remaining Available NTS Exit (Flat) Capacity** from Billingham ICI (Terra Billingham) DC and Enron Billingham DC exit points, from 1st October 2020

On the 24th April, 2019, National Grid served an informal notice to signify the end of PARCA Phase 1 Works and the first opportunity for industry parties to raise any concerns around the method to meet the additional capacity request in this location. National Grid was not notified of any concerns as a result of the informal notice.

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**.

National Grid is a trading name for:
National Grid Gas plc
Registered Office: 1-3 Strand, London WC2N 5EH
Registered in England and Wales, No 2006000

Application for Exit Capacity Release

Substitution of Unsold Capacity from 1st October 2020

As part of the PARCA Phase 1 Works, National Grid completed network analysis to assess what impact the Exit 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** requirement at the new Saltholme NTS Exit point.

National Grid therefore proposes that from 1st October 2020:

- **NTS Exit (Flat) Capacity** requested at the Saltholme NTS Exit point is met by substituting **Non-incremental Obligated Exit** Capacity from Billingham ICI (Terra Billingham) and Enron Billingham DC NTS 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:

Recipient NTS Exit Point	Donor NTS Exit Points	Capacity Donated (kWh/d)	Capacity Received (kWh/d)	Exchange Rate (Donor: Recipient)	Total Exchange Rate (Donor: Recipient)
Saltholme	Billingham ICI (Terra Billingham)	3,237,148	2,920,000	1.1086:1	1.1077:1
	Enron Billingham	4,860,000	4,390,160	1.070:1	

Baseline Modification Proposal:

NTS Exit Point	Type	Recipient / Donor	Current Baseline (kWh/d) at 1 st October 2020	Proposed Baseline (kWh/d) at 1 st October	Remaining unsold capacity (kWh/d)
Saltholme	DC	Recipient	0	7,310,160	0
Billingham ICI (Terra Billingham)	DC	Donor	36,881,691	33,644,543	7,916,358
Enron Billingham	DC	Donor	121,510,000*	116,650,000*	116,650,000*

This updates the informal notice dated 29th April 2019.

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

⁴ Exit Capacity Substitution and Revision Methodology Statement (the "Methodology"), effective from 24th July 2019 and pursuant to Special Condition 9A.

* Reduces by 1,800,000 kWh/d from October 2022, for Rawcliffe substitution, identified during the 2019 Exit Capacity application process.

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 Mark Hamling, Gas Network Capability Manager on 01926 654276 in the first instance.

Yours sincerely,

Paul Sullivan
Future Networks Manager
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National Grid