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Joint Gas Distribution Network (GDN) response to National Grid Transmission's Consultation on Capacity Methodology Statements

Dear Chris,

This is a joint response from all four Gas Distribution Networks. We welcome the opportunity to respond to the National Grid Consultation on the proposed Methodology Statements.

Please see below our response to those areas that we believe are of most relevance to the GDNs.

Joint GDN response to National Grid Transmission's Consultation on Capacity Methodology Statements



Exit Capacity Release Methodology Statement

User Commitment

We welcome and support the proposed reduction to the User Commitment (UC) period from 4 years to 2 as this provides greater flexibility for Users and the ability to reduce capacity holdings sooner. It does though, still have the potential to result in the sterilisation of capacity.

Following the introduction of Standard Special Condition **A57: Exit Capacity Planning** and the Exit Capacity Planning Guidance (ECPG), we believe National Grid (NG) could reduce this further to zero (0) years for all Gas Distribution Networks (GDNs).

Under the ECPG, from 1st April 2021 all GDNs will be obliged to more closely align the capacity bookings to the 1-in-20 Peak Day demand forecast. The one thing that could prevent this outcome would be User Commitment, especially in a declining demand scenario. Given the long-term demand forecast can go up as well as down, the requirements to increase Enduring levels of NTS Exit (Flat) Capacity remain, but the ability to subsequently reduce in line with the demand forecast would still be constrained.

We appreciate the concerns raised by NG at the UNC0705R Capacity Access workgroup that removing User Commitment altogether could result in greater uncertainty with levels of capacity bookings. Given recent developments though, we suggest these concerns have been addressed:

- With the implementation of UNC0678A, all offtakes now have the same uniform charge, thus removing any price signals that had formerly existed. Capacity bookings will now be based upon the most efficient whole system configuration that once in place, should result in little need for movement between offtakes;
- The ECPG requires all Licensees to engage, publish and consult on matters relating to Exit Capacity Planning processes. This includes the sharing of, and discussion on long-term demand forecasts. The increased levels of engagement and transparency, therefore, should result in booking levels being more in line with expectations with little or no, cause for surprise.

Considering the above, we would ask NG to reconsider these proposals to include:

- Zero (0) User Commitment for increases to Enduring levels of NTS Exit (Flat) Capacity within Baseline, where the requirement has been demonstrated in the ECPG.

Exit Capacity Substitution and Revision Methodology Statement

Chapter 2: Exit Capacity Substitution

We fully support the inclusion of the new paragraph, 22 (d):

- NTS Exit Capacity required as a result of demand forecasts provided via Exit Capacity Planning processes as per Standard Special Condition A57 and the Exit Capacity Planning Guidance, will not be Substitutable.



The inclusion of this new paragraph provides reassurance to the GDNs that capacity requirements signalled through the demand forecasts will be made available to them without the need to increase Enduring levels of capacity (which in itself would incur User Commitment), and not be subject to Substitution.

As mentioned earlier, reducing User Commitment to zero (0) years would then allow the GDNs to bring Enduring levels of capacity in line with the long-term demand forecast, safe in the knowledge that capacity could be reduced when needed. Thus, resulting in zero sterilised capacity and the most efficient whole system outcome.

We appreciate the engagement to date, and hope that our feedback adds value to future discussions on this matter.

This response is made on behalf of all four Gas Distribution Networks and can be published by National Grid. If you have any further questions, please do not hesitate to contact me using the details at the top of this letter.

Yours sincerely
By email

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Industry Codes Manager