

The Joint Office, Relevant Shippers,
Gas Transporters, and other interested parties

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Transmission Planning Code Consultation 2014

18th July 2014

Dear Colleague

National Grid Gas plc's ("National Grid") is continuing with its review of the Gas Transportation Transmission Planning Code ("TPC") pursuant to Special Condition 7B of its Gas Transporter Licence in respect of the NTS ("the Licence"). We have an obligation to review the TPC periodically (at least once every 2 years). With the last revision being completed on 1st October 2012, it is timely that we complete this review. We also have an obligation to consult externally on the TPC, and this letter serves notice of the commencement of the TPC Consultation, provides additional background to the TPC, the changes made as a result of this year's review, and outlines our proposal for the Consultation.

By way of background, the TPC covers three Licence requirements¹, namely:

1. to provide a description of the main material technical factors that affect the planning and development of the National Transmission System ("NTS"),
2. to outline a methodology to determine the physical capability of the NTS,
3. to outline our assumptions on likely developments in the patterns and levels of gas supply and demand on the NTS, and assumptions as to the operation of the NTS under different gas supply and demand scenarios.

We issued an open letter to industry stakeholders on 21st March 2014² and presented at a number of UNC Workgroups including the Offtake Arrangements Document³ & Transmission⁴ Workgroups. In the open letter, and in the Workgroups, National Grid invited industry stakeholders to submit issues for review.

We reviewed the TPC in light of stakeholder comments and made the following changes;

- re-arranging the TPC to make it easier for you to navigate and read
- providing more detail regarding the derivation of the "1-in-20" Security Standard and how we meet each element of it, namely:
 - Profiling - an explanation of how we use DN booking data and profiling of power generation
 - Operational Measures – in particular the use of Operating Margins gas
 - Compressor Standby - Further clarity around the need for compressor standby and the considerations that National Grid will make when assessing compressor standby.
- incorporating the "Determination of the Technical Capacity of the NTS" – to maintain compliance with EU Regulation EC715/2009

¹ Special Condition 7B, Part A of National Grid Gas Plc's Gas Transporter Licence in respect of the NTS

² <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=32219>

³ <http://www.gasgovernance.co.uk/oa/290414>

⁴ <http://www.gasgovernance.co.uk/tx/030414> & <http://www.gasgovernance.co.uk/tx/010514>

- incorporating other updates as required by industry changes since the last TPC review, as discussed in the UNC Workgroups

We proposed to consult on separate PARCA (Planning & Advanced Reservation of Capacity Agreement) and non-PARCA versions of the TPC, acknowledging that an Ofgem decision was anticipated on UNC Modifications 0452V and 0465V. To that aim, we published, on our website, pre-Consultation drafts⁵ of PARCA and non-PARCA versions of the TPC on Thursday 3rd July 2014.

We proposed that, following the Consultation process, and having addressed any comments made, we would submit the PARCA version of the TPC to Ofgem if a decision had been made to implement either 0452V or 0465V, otherwise the non-PARCA version would be submitted.

As no Ofgem decision on Modification 0452V and 0465V has been made, and no formal consultation on associated Licence drafting has been issued, we propose to submit, for consultation, only the non-PARCA version of the TPC. We also propose that if a decision is made to implement either 0452V or 0465V at a later date we will consult on a revised (as required) PARCA version of the TPC.

As a result of stakeholder feedback, minor amendments have been made to aid further clarity around the planning process and, therefore, we now serve notice of the TPC Consultation for 2014. Re-versioned copies of the non-PARCA TPC, for the purposes of this Consultation, have been published on our website⁶ as outlined below, along with an updated TPC Change Summary (v0 2) and this covering letter.

- TPC V3.2 Clean
- TPC V3.2 Markup (provided to highlight the changes compared to V3.1 ReOrder only)

The Consultation will close at 16:00hrs on Friday, August 15th 2014.

Responses can be sent by e-mail to richard.hounslea@nationalgrid.com or ntsinvestment@nationalgrid.com (please request a "read receipt" to confirm delivery) or by post to:

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Please mark your response as "Confidential" if you do not wish it to be published.

If you have any queries on the TPC, or this consultation, you can also contact me on 01926 655518.

Yours sincerely,

Richard Hounslea

⁵ <http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/Gas-Ten-Year-Statement/Transmission-Planning-Code/>

⁶ <http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/Gas-Ten-Year-Statement/Transmission-Planning-Code/>