

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

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Dear Colleague

National Grid's Informal Consultation on Capacity Methodology Statements

National Grid Gas plc's ("National Grid") Gas Transporter Licence in respect of the NTS ("the Licence") sets out obligations to develop and modify the:

- Entry Capacity Release Methodology Statement ("ECR"); and
- Exit Capacity Release Methodology Statement ("ExCR");

together, the Capacity Release Methodology statements defined in Special Condition 9B, and the

- Entry Capacity Substitution Methodology Statement ("ECS");
- Exit Capacity Substitution Methodology Statement ("ExCS"); and
- Entry Capacity Transfer and Trade Methodology Statements ("ECTT");

together, the Capacity Methodology Statements defined in Special Condition 9A.

As part of the review process for these statements, we are obliged to consult with interested parties on the proposed changes before formally submitting them to the Authority for a decision.

National Grid has been working closely with industry to develop the processes for the delivery of NTS Entry / Exit Capacity at Interconnection Points to facilitate compliance with EU Regulation 984/2013 (Capacity Allocation Mechanisms) and continued compliance with Annex I to EC regulation 715/2009 (Congestion Management Procedures). This has resulted in the development and proposal of UNC Modifications:

- 0500: "EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures";
- 0501: "Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations";
- 0501A: "Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations, including capacity return option";
- 0501B: "Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations, including a restricted capacity return option";
- 0501C: "Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations, including a capped capacity return option and an aggregate overrun regime".

To facilitate the implementation of UNC Modifications 0500 and 0501/0501A/0501B/0501C, a number of changes have been proposed to the Licence by Ofgem and a statutory consultation on

those proposed changes has been issued. Details of these proposed changes can be found on the [Ofgem website](#)¹.

These potential changes to the UNC and the Licence will have an impact on the ECR, ExCR, ECS and ExCS and to a lesser extent the ECTT. Consequently, National Grid intends to put forward revised statements to the Authority with a view to them being implemented on 1st September 2015 (based on our current plan), subject to the approval of Modifications 0500 and one of 0501/0501A/0501B/0501C (if implemented) and the proposed licence changes.

Due to the extent of the potential revisions, we believe that an informal consultation on the proposed changes to the capacity statements would be beneficial for industry, both to understand the extent and impact of, and to have an opportunity to provide feedback on these proposed changes. This will also assist National Grid in the further development of the statements, if required.

Also, in response to industry feedback received at the European Workgroups and the December 2014 Transmission Workgroup, we understand that it would be considered helpful for these draft methodologies to be published at such a time that allows an overlap with the consultations for UNC Modifications 0500 and 0501/0501A/0501B/0501C. Consequently we have decided to extend the standard consultation period to 71 days with the intention of creating an overlap with both the consultation for UNC Modification 0500 which is already underway and also any potential consultation for 0501/0501A/0501B/0501C which may take place in early 2015.

The main changes that have been made to the statements since the versions informally consulted on are detailed below:

- **Entry Capacity Release Methodology Statement:**
 - A new section has been added to cover new UNC processes for Interconnection Points being introduced (Modification 0500).
 - Minor changes have been made to existing sections to reflect where existing processes only apply at non-Interconnection Points (Modification 0500).
 - Transitional changes to UNC processes at Bacton ASEP as well as the proposed Bacton UKCS ASEP and Bacton IP ASEP have been incorporated (Modification 0501/0501A/0501B/0501C).
 - New Terminology & References relating to processes at Interconnection Points have been incorporated (Modification 0500).
 - It is noted that there will be no mechanism for the release of Incremental Obligated Entry Capacity at Interconnection Points until the Incremental element of CAM is developed and implemented.

- **Exit Capacity Release Methodology Statement:**
 - A new section has been added to cover new UNC processes for Interconnection Points being introduced (Modification 0500).
 - Minor changes have been made to existing sections to reflect where existing processes only apply at non-Interconnection Points (Modification 0500).
 - Details of Transitional arrangements have been for Enduring Annual NTS Exit (Flat) Capacity at Interconnection Points have been included.
 - New Terminology & References relating to processes at Interconnection Points have been incorporated (Modification 0500).
 - It is noted that there will be no mechanism for the release of Incremental Obligated Entry Capacity at Interconnection Points until the Incremental element of CAM is developed and implemented

- **Entry Capacity Substitution Methodology Statement:**

¹ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-licence-modifications-facilitate-implementation-capacity-allocation-mechanisms-network-code-great-britain>

- New Terminology & References relating to processes at Interconnection Points have been incorporated (Modification 0500).
 - The new Bacton UKCS and Bacton IP ASEPs have been included in the Appendix 1 'Entry Capacity Zones' table (required by each of Modifications 0501/0501A/0501B/0501C)
 - Clarification of Retainer and refund processes for Retainers taken out at Bacton ASEP
 - It is noted that there will be no mechanism for the release of Incremental Obligated Entry Capacity at Interconnection Points until the Incremental element of CAM is developed and implemented, which means that currently there is no way to trigger substitution to an Interconnection Point.
- Exit Capacity Substitution and Revision Methodology Statement:
 - New Terminology & References relating to processes at Interconnection Points have been incorporated (Modification 0500).
 - It is noted that there will be no mechanism for the release of Incremental Obligated Entry Capacity at Interconnection Points until the Incremental element of CAM is developed and implemented, which means that currently there is no way to trigger substitution to an Interconnection Point.
- Entry Capacity Transfer and Trade Methodology Statement:
 - Minor updates have been made to reflect that the processes described in the ECTT will no longer apply to Interconnection Points.
 - It is noted that the September 2015 Transfer & Trade process (covering capacity in October 2015) will be the final process that includes the "Bacton ASEP", and that the November 2015 process (for the capacity period December 2015) will be the first that includes Bacton UKCS ASEP (required by each of Modifications 0501/0501A/0501B/0501C).

To assist in reviewing the proposed changes to the capacity statements the following documents are available on our website. In each case please scroll to the section headed "Current Review and Industry Consultation".

At:

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Entry-Capacity-Release-Methodology-Statement/>

A clean copy of the informal consultation ECR: version 2.1;
A comparison of the informal consultation to version 2.1 to version 1.2.

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Exit-Capacity-Release-Methodology-Statement/>

A clean copy of the informal consultation ExCR: version 10.1;
A comparison of the informal consultation version 10.1 to version 9.2.

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Entry-Capacity-Substitution-Methodology-Statement/>

A clean copy of the informal consultation ECS: version 6.1; and
A comparison of the informal consultation version 6.1 to version 5.2.

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Exit-Capacity-Substitution-and-Revision-Methodology-Statement/>

A clean copy of the informal consultation ExCS: version 4.1;
A comparison of the informal consultation version 4.1 to version 3.2.

<http://www2.nationalgrid.com/uk/industry-information/gas-capacity-methodologies/entry-capacity-transfer-and-trade-methodology-statement/>

A clean copy of the informal consultation ECTT: version 7.1;

A comparison of the informal consultation version 7.1 to approved version 7.0.

The current approved version of each statement can also be found on the relevant web page.

Please be aware that these statements are not necessarily National Grid's final proposals. They will be developed further in the light of responses received and additional developments in industry workshops prior to the formal consultation process (as required by the Licence), which is anticipated to take place in May/June 2015.

National Grid would appreciate the comments of all interested parties on the draft changes to the capacity release statements and the capacity statements. Responses should arrive at National Grid by 17:00 on Friday 27th February 2015 and be sent by e-mail to:

sarah.lloyd@nationalgrid.com

and copied to box.transmissioncapacityandcharging@nationalgrid.com

Please ensure that a "read receipt" is requested if you wish to confirm that your response has been received.

Alternatively they can be sent by post to the above address marked for the attention of:

"Sarah Lloyd"

Transmission Network Service – Floor B3

Responses will be placed on our website and incorporated within the consultation conclusions report. If you wish your response to be treated as confidential then please mark it clearly to that effect.

Yours sincerely

Steve Fisher

Gas Charging and Capacity Development Manager