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16th May 2017

Re: Consultation on Gas Capacity Methodology Statements

Dear Alison,

Wales & West Utilities is a licensed Gas Distribution Network (GDN) providing gas transportation services for all major shippers in the UK. We cover 1/6th of the UK land mass and transport gas to over 2.5 million supply points. We receive gas at 17 NTS Offtake Points within our network and are keen to ensure processes for booking and use of NTS Offtake Capacity are efficient and reflect costs appropriately, both capital and operational.

We have the following specific comments on the proposed changes:

Exit Capacity Release Methodology Statement

Page 27, Paragraph 84, final sentence: On making such applications, Users are committing to the User Commitment

We believe User Commitment should not be applied where the revised booking remains within the baseline

Page 24, Paragraph 127 a) where a User has been allocated and registered as holding additional **Enduring Annual NTS Exit (Flat) Capacity**, the User must meet the associated User Commitment before reductions may be effective; and...

We believe this should also only apply for additional Enduring Annual NTS Exit (Flat) Capacity above the baseline

As the above comments suggest, we have recently been looking at the costs associated with current Exit Arrangements and believe that the current arrangements are inflexible and require changing. The current arrangements prohibit Users substituting capacity from one offtake to a cheaper offtake within the same LDZ, unless they incur additional User Commitments, even where the new booking is within the Baseline. This results in increased costs for DNs and sub-optimal outcomes for utilization of the NTS both of which are likely to result in increased charges to customers. We are therefore considering whether to raise a UNC Modification to:

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Registered Office:
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Coedkernew, Newport NP10 8FZ
Registered in England and Wales number 5046791

1. Bring substitution methodology into the UNC and,
2. To allow substitution between offtakes within an LDZ without incurring additional User Commitments in certain circumstances, for example increasing capacity to the baseline

Yours sincerely,



Steve Edwards
Director of Regulation and Commercial
Wales & West Utilities

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