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14 October 2013

Dear Mark,

RE – National Grid’s Informal Consultation on Capacity Methodology Statements and Proposed Licence Changes.

British Gas Trading has the following comments on the Capacity Methodology Statements.

ExCR

Para 13 – worth noting that the PARCA alone may not provide “a guarantee of timely delivery of Incremental Obligated Exit Capacity” – planning approval might not be granted so perhaps worth adding a “subject to planning approval being granted” caveat to paragraph 13 (a).

Para 15 – If the PARCA is terminated due to events or circumstances beyond the reasonable control of either National Grid or the PARCA applicant (e.g. force majeure) then it may not be appropriate for the PARCA applicant to pay for the Works undertaken during Phase 2. We have previously raised this concern.

Para 66 – at the end of the paragraph add “under Phase 2 of the PARCA”.

Para 73 (e) – suggest you replace the phrase “inform all Users of” with “publish relevant information relating to”. Informing all Users suggests individual communications and may be impractical.

Para 74 (e) – same comment as for Para 15 – needs to be qualified for occasions where force majeure circumstances bring about the termination.

Paras 82 and 92 – the last point needs to make it clear that, once released, the Non-Obligated Exit Capacity will remain registered with the relevant User on an enduring basis but that the capacity will not, if subsequently returned to National Grid, necessarily be made available for further release, i.e. the Non-Obligated Exit Capacity will not be re-classified as Obligated Exit Capacity. As it stands, the paragraph suggests that Non-Obligated Capacity can be taken back from a User at any time.

Para 108 – the last part “and those Users are registered as holding that reserved capacity” must be wrong – the capacity needs to be made available before registration.

Para 113 – the last phrase “at the same NTS Exit Point” implies that capacity can’t be released for substitution elsewhere even if this helps to avoid a requirement to provide Incremental Obligated Exit Capacity. Is this intended and sensible?

Paras 117 and 119 - appear to be inconsistent – para 117 says the “invitation will specify the date from which the reduction must apply” yet para 119 suggests there is flexibility on dates offered.

Para 161 – a User may require the capacity before allocation; should this therefore refer to reserved capacity? Also, the paragraph needs re-wording as it currently says the “Signal” is being allocated, not the capacity.

Paras 169 and 170 – would be worth having a discussion on this as restrictions on the availability of Firm Daily NTS Exit (Flat) Capacity would be unreasonable given that national Grid is obliged to make it available under its licence.

ExCS

General Comment – it would be beneficial to have further debate on the pecking order for the provision of substituted capacity where a PARCA is competing with applications for capacity during the annual application windows, and to consider how this is reflected in this Statement. So, for example, if a request for capacity at Exit Point A under a PARCA can be satisfied (in whole or in part) by utilising substitutable capacity from Exit Point C but at the same time some of the same substitutable capacity from Exit Point C can be used to satisfy a request, under the annual window, for capacity at Exit Point B – how is the substitutable capacity used? Is preference given to one or other of the applications for the capacity or is the capacity shared out in some way?

Para 23 – note that “applications” and not “bids” are made for enduring exit capacity.

ECS

General Comments - The document is somewhat impenetrable. It is accepted that this statement needs to be technically accurate however the repeated use of defined terms, for example, does make it difficult going. Some shippers will take the time to understand the nuances of all the different capacity products, however those that want a more basic understanding of the process will struggle.

Date of Document - much of the document has the date 15 May 2009 on the header.

Fonts - there seem to be a variety of fonts styles and sizes throughout the document (although mainly confined to the front end).

User – many references to “User” have been prefixed with the word “Shipper”, although a number – particularly in the first half of the document – haven’t.

4th para Page 5 (change marked version) - there are redundant quotation marks after UNC.

Second to last line, P9 - “an” should be “any”.

Both UNC Modifications 452 and 465 introduce new defined terms into the UNC particularly to do with PARCA and Reserved Capacity. These need to be reflected as defined terms (in bold) in the methodology statement in order to agree with NG’s terminology protocol.

Similarly, there are other references in the ECS which look like they should be bold but are not (see para 28 for examples e.g. Non- Inc Ob Entry, etc.).

Footnote 7 - could do with coming earlier in the document since reference is made to Y+4 in para 22(h).

Para 23 - says "Following each QSEC auction, and following a PARCA being agreed...". Should the "and" be an "or"?

Diagram 1 (P 16) - the vertical axis labels look incomplete and include an asterisk which doesn't seem to do anything.

New Para 34 – incomplete; needs re-drafting.

New Para 40 – "closing" should be "closes".

Para 69 - refers to avoiding "incremental increase in risk". This could do with being clearer – what risk, and to whom?

Appendix 2 - box in second column, refers to para 60. This is now para 62. Also, the wording in the box doesn't seem to agree with para 62 i.e. box says lowest RD, but para 62 says no RD followed by highest RD finishing with lowest.

Footnote 13 - refers to a User reducing its registered [Entry] capacity – surely this applies to Exit only?

ECR

General Comments - As above, need to ensure all defined terms adhere to NG's terminology (e.g. PARCA in bold). Similarly, we need to be consistent in the use of Shipper User (not all references to User are prefaced by Shipper).

Might it be useful to have an overview of the PARCA stages (e.g. as an appendix) since there are references to PARCA phase 1 etc.?

Page 8 Para 4 – should Long Term Non-Firm be added to the list of capacity types?

Para 23 - second bullet refers to NTS Exit Capacity.

Footnote 11 on page 14 - could come earlier in the document as there are a number of previous references to ASEP.

Para 50 – we fundamentally disagree with the claims being made in this paragraph which are completely at odds with the very high TO commodity charge being levied to recover allowed revenues. In particular, having daily firm capacity with a zero reserve price does not achieve the first bullet point. This paragraph therefore needs to be carefully re-written or deleted.

Page 20 - should the AMSEC make reference to the Interconnection Point surrender process under UNC Modification 449 and should such reference also be made in the ExCR?

Para 77 - needs to be updated now that UNC Modification 449 has been implemented.

Para 78 - perhaps this should make it clear this is for Interconnection Points only?

Para 79 – should non-obligated capacity feature in this list?

Yours sincerely,

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