

Relevant Gas Transporters,  
shippers and other  
interested parties

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6<sup>th</sup> October, 2016

Dear Colleague

## **National Grid Transmission's 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 following Capacity Methodology Statements defined in Special Condition 9A:

- Entry Capacity Substitution Methodology Statement ("ECS"); and
- Exit Capacity Substitution Methodology Statement ("ExCS").

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. In previous reviews of the methodology statements we have received requests from the industry to review the substitution lead time (for both entry and exit). Currently, capacity can only be substituted from one ASEP or NTS Exit Point to another from 1<sup>st</sup> October in Gas Year Y+4, following the reservation of capacity via a Planning and Advanced Reservation of Capacity Agreement (PARCA) or a request for capacity in one of the long term entry or exit capacity allocation mechanisms in Gas Year Y.

In preparation for this 2016 review, a request was made by National Grid NTS at the July 2016, Transmission Workgroup meeting for the Industry to identify any other issues with the methodologies that may require review and revision to the statements. The only issue raised for consideration was the merit order of substitution donor points; suggesting that substitution of baselines from disconnected sites should be prioritised over live sites. Changes have been made in these Statements to shorten the substitution lead time to 1<sup>st</sup> October Y+2 to better align to the PARCA process and to address the prioritisation of disconnected sites.

Consideration has been given to the capacity retainer process in the context of a shortened lead time for substitution. Currently for the purpose of determining whether a refund of retention charges is due each retainer is "tagged" to a specific year. The default year is Y+4. For a refund to be made capacity must be allocated for the tagged year. National Grid believes that this process would continue to satisfy its purpose because a retainer taken out in Y+4, 5 or 6 will still prevent substitution in Y+2. Views are welcomed on this.

This letter provides notice of the proposed changes to the Capacity Methodology Statements and invites your views on the proposals. To assist in reviewing the proposed changes to the capacity statements the following documents are available on our website at:

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Current-Consultations/>.

A clean copy of the consultation ECS: version 7.1; and  
A comparison of the consultation version 7.1 to approved version 7.0.

A clean copy of the consultation ExCS: version 5.1;  
A comparison of the consultation version 5.1 to approved version 5.0.

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

National Grid would appreciate the comments of all interested parties on the draft changes to the capacity statements. Responses should arrive at National Grid by 17:00 on Thursday 3<sup>rd</sup> November 2016 and be sent by e-mail to:

[alison.chamberlain@nationalgrid.com](mailto:alison.chamberlain@nationalgrid.com)

and copied to [box.transmissioncapacityandcharging@nationalgrid.com](mailto: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:  
“Alison Chamberlain”  
Market Change Gas – 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

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Gas Charging and Capacity Development Manager