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30 May 2017

Dear Chris,

### **Substitution Capacity Methodology Statements**

National Grid Gas plc's ("National Grid") Gas Transporter Licence in respect of the NTS ("the Licence") sets out obligations to prepare and submit for approval, at least once in every two years the following Capacity Methodology Statements:

- 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.

Therefore please find attached each of these statements which National Grid is submitting for approval by the Authority, and which we are proposing be applied from 31st July, 2017.

Paragraph 8 of Special Condition 9A requires National Grid to consult before proposing revisions to the Capacity Methodology Statements and to submit to the Authority, within 14 days of the close of the consultation period, a consultation report. Hence, accompanying this letter is:

- the consultation conclusions report.
- a comparison of the final proposals of each statement to the previously approved statements:
  - the ECR final proposal (v3.2) to the previously approved statement (v3.0);
  - the ExCR final proposal (v11.2) to the previously approved statement (v11.0);
  - the ECS final proposal (v8.2) to the previously approved statement (v8.0);
  - the ExCS final proposal (v6.2) to the previously approved statement (v6.0);
  - the ECTT final proposal (v8.2) to the previously approved statement (v8.0);

Two representations were received in response to the consultation. Only the ECR and the ExCR have been amended as a result of the consultation. The representations, the current approved version of each statement, the consultation drafts for each statement and comparisons of the consultation drafts

to the previously approved statements can all be found on our website at <http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Current-Consultations/>.

In accordance with paragraph 7 of Special Condition 9A of the Licence and to accompany the submission of the Capacity Methodology Statements we are required to submit a statement from an Independent Examiner confirming that they have carried out an Examination. However, we note your letter dated 19<sup>th</sup> January, 2017 in which the Authority consented to our request for a derogation from this requirement. Accordingly, we have not obtained, and are not providing, an Independent Examiner's statement to accompany this submission.

The principle changes to the previously approved, existing statements were detailed in the consultation cover letter, dated 13<sup>th</sup> April, 2017. As mentioned above some amendments have been proposed to the ECR and ExCR following the consultation, these do not represent any change to the intent of the consultation versions.

I look forward to receiving your response in respect of the enclosed Methodology Statements.

Yours sincerely

Jenny Phillips  
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