

To all interested parties

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National Gas Transmission's Consultation on Exit Capacity Release Methodology Statement

Dear Colleague

National Gas Transmission's 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 9.18.

This review process relates only to the ExCR. As part of the review process for this statement, we are consulting with interested parties on the proposed changes before formally submitting to the Authority for a decision.

This letter identifies the proposed changes to the ExCR, and the reasons for them as part of this current review cycle.

An informal consultation during the early stages of the review was opened to the industry for a period of 14 days, starting 15th November 2023. No responses were received.

The scope of changes required to the ExCR following a review by National Gas, were not viewed as having a material impact upon the content of the ExCR, and so a derogation from the requirement for an independent examiner under Special Condition 9.18.11(d) was sought, as per Special Condition 9.18.16. This request was granted by the authority. This approval was based on the agreement that the ExCR will be reviewed again by April 2025, ahead of its current review cycle. The details of the authority's decision can be found at: <https://www.ofgem.gov.uk/publications/decision-derogation-request-ngt-exit-capacity-release-methodology-statement>

Drivers for change:

Update of company name

Since the last update of the ExCR, National Gas has separated from National Grid. The separation, which occurred in early 2023, means that all references within the ExCR to National Grid must be updated to read National Gas, in order to ensure the accuracy of the document.

Improved readability

An effort has been made to improve the readability of the ExCR through improved and more consistent formatting, spacing, punctuation, capitalisation, hyphenation, and removal of typographical errors. These minor housekeeping amendments will make the methodology statement more accessible to readers.

Details of changes:

- Name change
References to “National Grid” have been changed to “National Gas” to reflect the separation of the two organisations. In addition to changing the name within the text, the template for the document has been updated to reflect the new branding and name change. References to “National Grid” within diagrams have also been updated to say “National Gas”.
- Update of text within Clause 24
Clause 24 has a reference to a particular part of the PARCA process. This section has now been updated to clarify that the statement refers only to Exit Capacity Substitution, in order to avoid any potential confusion.
- Removal of Clause 27
Clause 27 states “Not used”. It has been removed as the clause is defunct and offers no value to the methodology statement. This change, along with updated formatting, has required all subsequent clause numbers to be amended to consider this change.
- Updated links and references
As well as updating weblinks to reflect the name change from National Grid to National Gas, the directions for accessing information for some weblinks has been simplified. Additionally, references holding incorrect or out of date reference information have been amended for accuracy.
- Improved readability
The formatting of the methodology statement and the text has been updated, as part of a housekeeping exercise. These changes include: capitalisation of words that were incorrectly not capitalised before and un-capitalisation of whole words; the inclusion of hyphens for incorrectly unhyphenated words; improved and more consistent spacing both within and between clauses; updated and improved punctuation; removal of typographical errors.

Future Improvements

National Gas has agreed to review the ExCR again ahead of the next review cycle, to coincide with the review of the ECR, taking account of the PARCA process, as directed by Ofgem¹.

It is currently believed by National Gas that there are no significant changes within this current review cycle that would constitute a material change. However, National Gas does accept that material changes may be required in the next review. The next review will also have the additional benefit of aligning the review cycles of the ECR and ExCR.

¹ <https://www.ofgem.gov.uk/publications/decision-derogation-request-ngt-exit-capacity-release-methodology-statement>

Consultation response

The Methodology statements can be found on our website:

<https://www.nationalgas.com/capacity/capacity-methodology-statements>

To assist in reviewing the proposed changes to the Exit Capacity Release Methodology Statement the following documents are available on our website (please go to '2024 Annual Review - Consultation' folder):

A clean copy of the consultation ExCR: version 15.1

A track changes copy of the ExCR: version 15.1

<https://www.nationalgas.com/capacity/capacity-methodology-statements>

National Gas would appreciate the comments of all interested parties on the draft changes to the capacity statements. Responses should arrive at National Gas by 17:00 on Wednesday 27th March 2024 and be sent by e-mail to: box.gsoconsultations@nationalgrid.com

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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