



**Review of the
NTS Exit Capacity Release
Methodology Statement
in respect of the
Transitional and Enduring Exit Periods.
Consultation Conclusions Report**

11th September 2012

Executive Summary

Introduction

Special Condition C18 of National Grid's ("National Grid NTS") Gas Transporter Licence in respect of the NTS (the "Licence") sets out obligations to prepare and submit for approval by the Authority an NTS Exit Capacity Release (ExCR) Methodology Statement setting out the methodology by which NG NTS will determine whether to release NTS Exit Capacity to gas shippers or DN operators. In addition, NG NTS is obliged to review the statement on an annual basis in consultation with gas shippers and other interested persons. Following industry consultation National Grid NTS submitted its proposed methodology to the Authority on 30 March 2012. This was subsequently approved on 29 May 2012.

In addition to the obligation referred to above, Special Condition C18 of the Licence allows National Grid NTS to revise the ExCR at any time. Such revision requires industry consultation prior to submitting to the Authority unless a direction is obtained in accordance with paragraph 4 (d) of the condition.

On 21st August 2012 National Grid NTS initiated its consultation of the ExCR. The proposed change is to align the existing ExCR (version 8.0) with the UNC following the implementation of UNC Modification 417s. Modification 417s removes the requirement for the 14 months notice to apply for reductions in Enduring Annual NTS Exit (Flat) Capacity at July application windows, under certain conditions where the User Commitment Amount (UCA) will be satisfied in the forthcoming year.

National Grid NTS invited views in respect of the proposed revised ExCR to be made by 04th September 2012.

This document sets out National Grid NTS' conclusions on its consultation for the proposed ExCR (version 8.1). It provides a summary of the representations received, National Grid NTS' response and an indication of whether, as a result of such representations, any changes have been made to the proposed revised statement.

Responses

Representations were received from 2 respondents listed below.

Gaslink
Centrica Energy

Detailed comments from respondents and NG NTS' response, where required, are provided in the following table.

Party	Issue	Response Quotes	National Grid NTS Response	Proposed Changes
1 - 0417 "Notice for Enduring Exit Capacity Reduction Applications"				
1.1 Gaslink		Gaslink agrees that the proposed changes to the document are appropriate to give effect to UNC Modification 417S implemented on the 13 th July 2012	NG NTS welcomes Gaslink's view that the proposed changes give effect to Mod 417S.	None
1.2 Centrica Energy		The proposed changes might be improved by: (a) better identifying the new text in paragraph 71 (currently referred to as "a") as a properly numbered sub-paragraph;	NG NTS agree that the sub paragraph (a) should be changed and has been amended from (a) to 72 and a properly numbered paragraph in its own right.	Sub Paragraph (a) has been changed to 72 & Associated References.
1.3 Centrica Energy		(b) referring to this sub-paragraph in paragraph 85 (c) such that the provisions of paragraph 85 (c) are subject to the new sub-paragraph.	NG NTS do not consider that the paragraph 85 (c) needs to be subject to sub paragraph (a) now	None

		<p>New text added to paragraph 87 captures the new rules in a more general way but we'd suggest adding the qualification to paragraph 85 (c) would be helpful.</p>	<p>72. The changes to the provisions of the UNC post implementation of 417S are stated in paragraph 72 and NG NTS are of the opinion this is best categorised Under Reductions to Enduring NTS Exit (Flat) Capacity. A reference to paragraph 72 has also been applied under the new text added to paragraph 87 (v8.1) now paragraph 88 (v8.2).</p>	
1.4 Centrica Energy		<p>There remains a risk that the future changes required to the ExCR could inhibit changes to the UNC. This issue was highlighted by the new text in UNC giving effect to Modification 417S</p> <p>Paragraph B3.2.17 (b) (i) basically says that National Grid NTS may give effect to a capacity reduction request subject to the rules contained in the ExCR, i.e. "as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement".</p> <p>Therefore, as we have commented before, we believe there would be merit in including certain provisions of the ExCR in the UNC, particularly the User Commitment rules. In so doing, more appropriate and rigorous governance of the industry rules would be achieved. We would welcome your views on this and whether you would be supportive of</p>	<p>NG NTS do not consider that the implementation of 417S was put at risk by the pending changes required in the ExCR to reflect the new UNC provisions. As per an earlier consultation we acknowledged the development of 417S however felt it inappropriate to prejudge the panel decision on the proposal. This was supported by Ofgem in their decision letter dated 29 May 2012 which gave approval to the ExCR.</p> <p>NG NTS aligned their processes from an operational perspective with the implementation date of the 13th July 2012 to ensure consistency with the UNC, and informed industry as part of an earlier consultation that NG NTS will update the ExCR to reflect the UNC changes as soon as practicable following implementation and Authority approval.</p> <p>NG NTS believes that there is no requirement currently to include certain provisions of the ExCR into the UNC including User Commitment rules. Any rules included in the ExCR are there to satisfy specific requirements of</p>	None

		such a change.	<p>the licence or UNC or have been added to provide clarification to specific circumstances. This area will continue to be reviewed, but NG NTS is not proposing any change at this time.</p> <p>The basis of the User Commitment was developed in industry forums that resulted in UNC modification proposal 195AV. This proposal determined that the User Commitment should be defined in the ExCR (hence UNC TPD section B3.2.19(c)) and the User Commitment was subsequently discussed in the original ExCR consultation. It is through review of the ExCR that any developments have been better considered and clarifications added.</p> <p>As a matter of principle NG NTS supports modification proposals that better meet the relevant objectives and would carefully consider any proposal put forward by Centrica Energy before deciding to support or oppose.</p>	
--	--	----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--