

Consultation on the NTS Exit Capacity Release Methodology Statement (ExCR)

Consultation Response

Energy UK is the Trade Association for the energy industry. Energy UK has over 70 companies as members that together cover the broad range of energy providers and suppliers and include companies of all sizes working in all forms of gas and electricity supply and energy networks. Energy UK members generate more than 90% of UK electricity, provide light and heat to some 26million homes and last year invested over £10billion in the British economy

Energy UK welcomes the opportunity to provide comments to this annual review consultation on the ExCR.

1. General Points

- 1.1. Energy UK welcomes the updating of the methodology statement now that the Enduring Exit Period has begun, including the deletion of Part A.
- 1.2. We welcome the inclusion of text to support the potential implementation of Modification 439 *Notice for Enduring Annual Exit (Flat) Capacity Reduction Applications*; this is a helpful and transparent way of addressing this issue and avoiding the need for a further consultation, should the modification be approved.
- 1.3. We welcome the introduction of Paragraph 89 which will allow for capacity holdings during the transitional period to count towards satisfying the User Commitment Amount. Whilst this is likely to affect only a few system points it ensures that those points are not subject to a more onerous User Commitment regime simply through the timing of their incremental capacity booking and the introduction of new arrangements. This is also supported since it provides for more flexibility in Exit Capacity holdings where the user commitment is satisfied, similar to Modification 417 and 439 (if implemented).
- 1.4. We note that the document has been updated to reflect the new RIIO terminology and whilst we support this as being necessary, the divergence between licence and UNC terminology makes the document itself become ever more challenging to read. Our understanding was that this statement was supposed to be a document that explained how Exit Capacity would be released, but its length and complexity does not make it an easy read nor easily accessible for parties wishing to connect to the NTS and reserve capacity, potentially as new entrants. As the majority of the rules here are already contained in the UNC we would like to reiterate our view that the requirement for this Statement should be reconsidered by Ofgem and that the introduction of new capacity booking arrangements potentially from April 14 would be the ideal opportunity to do that.
- 1.5. Finally we note that there are many references to Planning and Construction Agreements (PCAs) which have been amended to suggest this is at the discretion of the User or developer rather than a requirement imposed by National Grid. However, we consider there should be more explanation and clarity over the fact that if there is no PCA then the incremental capacity may not be made available. We consider that, even if this reflects the practical reality of the current arrangements that, this is an example of regulatory 'creep' outside of due process with no consideration of whether this furthers the relevant objectives or not. Our view is that this further

reinforces our position that this framework should be included within the UNC to provide appropriate governance arrangements for changes, minimise duplication and the administrative burden of the annual review. We anticipate that the proposed Planning and Reservation of Capacity Agreements (PARCAs) will add clarity and certainty to the incremental capacity reservation process and this alongside existing UNC rules will provide for industry confidence in the exit capacity release arrangements

2. Detailed Points

- 2.1. Paragraph 37 – there are a number of revenue drivers already in the licence which have not necessarily been calculated in accordance with the methodology produced in accordance with the methodology in Special Condition 9C. Does this imply that National Grid intends to recalculate those revenue drivers?
- 2.2. Paragraph 81, we would like to seek clarification as to when capacity can be substituted? Footnote 26 refers to Y+4, whilst our understanding is that under RIIO, Funded Incremental Obligated Exit Capacity cannot be substituted until Y+5
- 2.3. Paragraph 114, we would also like some clarification here regarding permits. We believe that a value has only been set for year 1 for RIIO-T1, which ends in March 14, whereas the next review of this statement is not due to take effect until June 14, if for whatever reason the new PARCA arrangements were delayed.

In case of any query Julie Cox would be happy to discuss any of the points raised.

Note: This response represents a broad consensus of members' views, and we would point out that National Grid was not a contributor to this response.

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