

The Joint Office, Relevant  
Gas Transporters, shippers and other  
interested parties

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Dear Colleague

**Consultation on “The Exit Capacity Substitution and Revision Methodology Statement”.**

Special Condition C8E of National Grid Gas plc's ("National Grid") Gas Transporter License in respect of the NTS (the "Licence") sets out obligations to prepare and review an exit capacity substitution methodology statement and an exit capacity revision methodology statement.

Throughout 2010 National Grid held a series of workshops and consultations to develop the initial methodology statements, which National Grid combined into a single document (the "ExCS"). The statement was approved by the Authority on 31<sup>st</sup> March 2011.

Following the first year of application, National Grid has reviewed the ExCS and is proposing some amendments to the methodology. In addition, in their letter giving approval of the current ExCS (v1.0), the Authority directed that National Grid should exclude interconnector exit points from exit capacity substitution pending consideration of specific issues relating to these connections. These considerations are reflected in the proposed methodology.

The principle changes proposed to the methodology are listed in appendix 1

In accordance with the above mentioned Licence condition, National Grid is required to consult on its proposals before submitting them to the Authority for approval. This letter therefore provides notice of the proposed Exit Capacity Substitution and Revision Methodology Statement and invites views on the proposal.

A copy of the proposed Methodology Statement (v1.1) accompanies this letter. A comparison document showing the changes made to the current approved version (v1.0) is provided for convenience. It should be noted that this document does not show the changes made to update the diagrams in Annex 1.

Responses to this consultation should arrive at National Grid by 17:00 on 30<sup>th</sup> March 2012. They should be sent by e-mail to:

[mark.j.lyndon@uk.ngrid.com](mailto:mark.j.lyndon@uk.ngrid.com) and copied to  
[box.transmissioncapacityandcharging@uk.ngrid.com](mailto:box.transmissioncapacityandcharging@uk.ngrid.com).

Please request a "read receipt" to confirm delivery.

Alternatively they can be sent by post to the above address marked for the attention of:  
"Mark Lyndon  
UKT Commercial – Floor B3"

Responses will be placed on National Grid's 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. If you wish to discuss any aspect of this letter please contact me on 01926 656217 or Mark on 01926 655551.

Yours sincerely

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## **Appendix 1: Principle Changes Proposed to the ExCS.**

### **Treatment of Interconnectors**

Following discussions with interconnector operators, National Grid is proposing to amend the definition of Substitutable Capacity (paragraph 19). The new definition will exclude all exit capacity at interconnectors, whether sold or unsold, up to the quantity of Technical Capacity (in the NTS exit / interconnector entry direction) of the connected system as determined by the interconnector operator. The Technical Capacity is defined within European regulations and is published according to those regulations.

This limitation to the substitution of exit capacity at interconnector exit points will ensure that issues such as downstream security of supply and capacity bundling are not undermined by substituting capacity away from these points.

### **Recipient NTS Exit Points**

In the event that incremental exit capacity is triggered at several NTS Exit Points a decision is required to determine at which exit point substitution analysis should commence. Criteria for aiding this decision have been added (paragraph 28).

### **Substitution Analysis**

A number of minor issues were identified when first applying the substitution methodology in 2011. Minor revisions and some added detail have been included in the proposed methodology.