

GT SECTOR	
REFERENCE NUMBER:	CATEGORY:
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 9.18
TITLE:	Methodology to determine the release of Entry Capacity and Exit Capacity volumes
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	Q27 – captured under generic question on views of the proposals for changes to GT licence
RELEVANT ISSUES LOG:	Gas Transmission Issue Logs_9.18 - 9B - Methodology Capacity volumes Issues Log
POLICY ISSUES	
<ul style="list-style-type: none"> Removal of time limit on Ofgem decisions Ofgem making proposed recommendations for change New reporting obligation 	<ul style="list-style-type: none"> 9.18.11 removes existing provisions in Special Condition 9A Part D whereby modification can progress in the absence of an Ofgem direction to the contrary. There is no clarity on how processes should operate if Ofgem has not made a timely decision on proposed changes. The rationale for this change has not been explained. 9.18.11 introduces the option of the Authority proposing its own recommendations for changes (only when rejecting proposed changes). It is not clear how NGGT should proceed in this circumstance, particularly in the circumstance where there is insufficient time, in the current year, to reconsult with stakeholders and bring fresh proposals to Ofgem ahead of operating the process in question. Also, would Ofgem not want the ability to make recommendations when approving a proposed change? 9.18.12(b) is a new reporting obligation and appears to have not been consulted on
DRAFTING ISSUES	
<ul style="list-style-type: none"> 9.18.3 	<ul style="list-style-type: none"> Query whether the words in 9.18.3 “in such format as the Authority may direct” are required. If it is to be retained how and when will such a direction be made?

<ul style="list-style-type: none"> • Inconsistent references to DN Operators applying for NTS Entry Capacity • 9.18.4(e) • 9.18.5(d) • 9.18.6 and 9.18.7 • 9.18.8(a) • 9.18.9 • 9.18.11 Missing text or references to 9.18.9 • 9.18.12 	<ul style="list-style-type: none"> • 9.18.4 (a) and (b) – should also include reference to DN operators as per 9.18.6 • 9.18.4 (e) provides that, unless the Authority otherwise directs, the licensee will use reasonable endeavours to release Obligated Entry Capacity at each NTS Entry Point and in at least one Clearing Allocation. Under the charging review, clearing auctions (which require a zero reserve price) are no longer a feature of the regime. Therefore the wording here should be as per the wording at 9.18.5(d) for exit (suggested drafting below) and not refer to a Clearing Allocation: “The Licensee must, unless and insofar as the Authority may otherwise direct from time to time in writing, use reasonable endeavours to release Obligated Entry Capacity at each NTS Entry Point in all available Allocations up to the end of the Day to which the capacity relates, in accordance with provisions of Standard Special Condition A5(5)(aa)(ii) (Obligations as Regard Charging Methodology).” • 9.18.5(d) should read “provide that, unless the Authority otherwise directs, the licensee....” in order to reflect the provisions of 9.18.4(e) and existing Special condition 9B.3. • 9.18.6 and 9.18.7 should read “the licensee must use reasonable endeavours to apply...” to reflect existing obligations in 9B.5. The rationale to change the obligation is not clear and has not been consulted on. • 9.18.8(a) should begin with “Unless the Authority otherwise consents in writing, review...” to reflect existing Special Condition 9B.10 • Suggest 9.18.9 begins “Where, following a review under paragraph 9.18.8, the licensee proposes no revisions...” • 9.18.11 sets out how Ofgem will act if the licensee proposes changes under 9.18.10 but there is no equivalent clarity if the licensee proposes no changes under 9.18.9 • 9.18.12: This provision has changed from RIIO-1 from “must produce” to “must provide to the Authority”. As such, the paragraph needs to include a date by when the report should be provided to the Authority as opposed to “at least once in each Regulatory Year”.
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<ul style="list-style-type: none"> 9.18.14 	<ul style="list-style-type: none"> As drafted 9.18.14 is deficient as it only provides for the licensee to request a derogation and not for the Authority to either grant or be able to grant such a derogation. An additional paragraph needs to be added along the lines of the approach taken in the drafting at 9.22.12.
FINANCE ISSUES	
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	LDWG meetings