

**CadExCRJun21**

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**Joint Gas Distribution Network response to National Grid Transmission's Consultation on the Exit Capacity Release Methodology Statement**

Dear Jen,

This is a joint response from all four Gas Distribution (GDN) Networks. We welcome the opportunity to respond to the National Grid (NG) Consultation on the proposed changes to the Exit Capacity Release (ExCR) Methodology Statement. Please see our response below.



## Joint GDN response to National Grid Transmission's Consultation on the ExCR Methodology Statement



### ExCR Methodology Statement

#### User Commitment

We welcome and provide qualified support for the proposed reduction to the User Commitment (UC) period from 4 years to 2 for Licence Baseline Exit Capacity, as this provides greater flexibility for Users and the ability to reduce capacity holdings sooner than under the existing arrangements.

Whilst we understand the NG position on maintaining the 4 Year UC period to requests triggering the release of Incremental Obligated capacity that result in investment on the network, we do not support their position where there is no investment and the proposed changes do still have the potential to result in the sterilisation of capacity.

During discussions at the UNC 0705 Capacity Access Review workgroup, we have argued that where investment is not needed, UC should not apply (including requests above Baseline) as there appears to be no justification for passing these costs on to the end Customer.

In addition, as highlighted in the main consultation on the Capacity Methodology Statements, during RIIO2 the GDNs have to meet new requirements in the Exit Capacity Planning Guidance which are designed to result in GDNs booking a level of NTS Exit Capacity that effectively and efficiently provides for their 1-in-20 demand forecast. As the only driver is to secure Peak Day capacity, it could be argued the GDNs incurring UC (in any form) an unnecessary and potentially, inefficient element of the bookings process from a whole system perspective.

In our opinion, UC should not in any case apply:

1. Where the requirement for investment on the NTS cannot be clearly demonstrated, and/or;
2. If a GDN seeks to secure Enduring NTS Exit (Flat) Capacity in line with that published within the latest Exit Capacity Planning Guidance document (as per Standard Special Condition **A57: Exit Capacity Planning**).

We appreciate the engagement to date, and hope that our feedback adds value to future discussions on this matter.

This response is made on behalf of all four Gas Distribution Networks and can be published by National Grid. If you have any further questions, please do not hesitate to contact me using the details at the top of this letter.

Yours sincerely  
By email

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