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RE: Consultation Document NTS GCM14: Constrained LNG Credits

Dear Debra,

Thank you for the opportunity to comment on the proposed modification to the Gas Transmission Transportation Charging Methodology. This response is on behalf of the Centrica Group excluding Centrica Storage Ltd. There is no confidential information contained within this response.

British Gas Trading (BGT) supports the proposed changes in GCM14 for CLNG credits. Specifically these are:

- Making the credit related to the peak requirements rather than based on average daily CLNG requirements. As investment in the network needs to meet the 1 in 20 peak day Licence requirements, this change will better reflect the costs of investment. This change will also remove the perverse effect of the incentive on National Grid, whereby additional investment in capacity could result in increased CLNG costs for National Grid.
- Making the credit based on the LRMC at the CLNG node rather than based on the LRMC of zones 'supported'. Since there is no constraint in the exit zones but instead is between NBP and the node, any investment needed would be between NBP and the node. Hence, changing the LRMC to the CLNG node is logical in its reasoning.
- Changing the credit so that it is based on the LRMC of providing exit capacity at the CLNG node rather than based on the exit zone capacity charge rates that the CLNG 'supports'. This change is more cost reflective as it is more consistent with the alternative of investment in additional exit capacity (as no revenue adjustment is added to the LRMC).

As with all NTS charges or credits, BGT would like to reiterate that the information required to calculate the credit (such as the credit per unit of entry capacity per day) is made transparent. This information should be clearly sourced, detailed, and available in the public domain so that industry users can calculate and predict CLNG credits if desired.

In addition, BGT believes that the GCM14 changes listed above continue to support National Grid's relevant GT licence objectives.



Should you have any questions regarding the comments in this response please do not hesitate to contact me.

Yours sincerely,

(by email)

Audrey Luksicek
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Gas Supplies, Transportation, CE