

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

Eddie Blackburn
Gas Network Capability Manager
Gas Network Development
Transmission Network Service
National Grid

eddie.j.blackburn@nationalgrid.com
Direct tel: +44 (0)1926 656022
Mobile: +44 (0)7896 690559

www.nationalgrid.com

15th July 2015

Dear Colleague

Re: Consultation on review of “The Generic Entry and Exit Revenue Driver Methodology Statement”

I am writing to you on behalf of National Grid Gas plc to seek your views on the review of the Generic Revenue Driver Methodology statement.

Special Condition 9C of the NTS license requires National Grid to have in place a Generic Entry and Exit Revenue Driver Methodology Statement. The purpose of this Methodology is to determine any additional revenue allowances relating to the release of Funded Incremental Obligated Entry Capacity and Funded Incremental Obligated Exit Capacity. Part C of Special Condition 9C requires that this statement should be reviewed at least every two years.

Our Generic Revenue Driver Methodology was first published on 1st November 2013¹. Since its publication, this statement has not been used as no funded incremental capacity had been released. All additional capacity released has been met via substitution and hence not funded.

The current methodology works with the current Capacity Reservation arrangements i.e. the Planning and Advanced Reservation of Capacity Agreement (PARCA) and other Exit and Entry Capacity release methodologies.

We have thoroughly reviewed the methodology and added further clarity to the statement but have not made any changes to the methodology contained within the statement. As the methodology has not been used and we believe the changes to the statement are not material, we have requested a Licence derogation from the requirement to have an independent examination report accompany changes to the statement.

We have now issued an updated draft Generic Revenue Driver Methodology Statement (marked version) for industry and stakeholder consultation. The document has been produced and is being consulted on to seek to comply with the Special Condition 9C of the NTS Licence.

¹ The GRDM methodology published on 1st November 2013 can be found on the National Grid website at <http://www2.nationalgrid.com/uk/industry-information/gas-capacity-methodologies/grd-methodology-statement/>

Please find attached a copy of the proposed methodology statement with this letter. We would appreciate your comments on the proposed methodology statement.

Responses to the proposed methodology statement should arrive at National Grid by 17:00 on 14th August 2015. If you have any questions in relation to the methodology, please contact Vikas Garg at vikas.garg@nationalgrid.com or on 01926 655 725. Responses should be sent to:

Vikas Garg
National Grid House
Transmission Network Services
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Alternatively they can be sent by e-mail to: vikas.garg@nationalgrid.com

Yours sincerely

Eddie Blackburn
Gas Network Capability Manager
National Grid