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for energy consumers

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Date: 3 August 2015

Dear Craig,

The Generic Entry and Exit Revenue Driver Methodology Statement: Derogation from requirement to provide an Independent Examiner Statement

Thank you for your letter of 10 July 2015 asking to be released from the requirement in Special Conditions 9C.7 of your gas transporter licence to provide an Independent Examiner Statement alongside the updated Generic Entry and Exit Revenue Driver Methodology (GRDM) Statement.

You are updating the GRDM to make the minor clarifications we suggest in our letter approving the 2013 GRDM.¹ These include administrative changes, clarifying the timescales for calculating the revenue driver, and the removing the references to making consequent changes to the Constraints Management Target.

This letter should not be taken as indication that we will be approving the proposed changes to the GRDM. We will decide whether or not to approve these changes on their merits when they are submitted to us.

In your letter you list the reasons for seeking derogation from the requirement for Independent Examiner Statements as follows:

- The changes being made to the GRDM are not material and are for clarification
- The GRDM has not been used
- The GRDM is consistent with the new PARCAs for releasing incremental capacity, and the Exit and Entry Capacity Release methodologies
- There have not been any other changes in the commercial arrangements that would lead to change in the GRDM
- It is unlikely that the GRDM will be used before the subsequent 2017 review

The Authority's Decision

We have carefully considered your request and have decided to grant you consent not to provide Independent Examiner Statements pursuant to Special Conditions 9C.7 in this instance. We agree that, based on the fact that the proposed changes do not materially alter the calculation of a revenue driver, and given that the GRDM has not been used so there are no outputs to examine, an Independent Examination would provide little valuable additional information regarding compliance with your duties under the gas transporter

¹ <https://www.ofgem.gov.uk/publications-and-updates/approval-generic-entry-and-exit-revenue-driver-methodology-statement>

licence and the Gas Act 1986. The granting of this derogation sets no precedent for any future derogation requests.

Please find the consent attached to this letter. Both documents have been made available on our website.

This letter constitutes notice under section 38A of the Gas Act 1986.

Yours sincerely,

Paul Branston

Associate Partner, Gas Networks