



## **National Grid NTS Exit Capacity Release Methodology Statement – Annual AEP<sup>1</sup> Comments**

The Association welcomes the opportunity to comment on this annual review of the ExCR.

### ExCR Amendments

The Association notes the proposed revisions to the methodology statement; we accept that many of these are to provide 'clarification' to existing processes. In some places this is helpful for example allowing ARCA applications up to Y+6. In other areas it seems as though the ExCR is being used to introduce more rules and principles which add complexity and potentially conflict with the main principle of exit reform; namely capacity should be made available following a user commitment signal. We acknowledge the challenges of delivering incremental exit capacity, especially when physical reinforcement work is required, and we hope that the developments arising from Modification 373 and other proposals will establish improved connections and capacity processes, leading to greater certainty for both National Grid and connecting parties.

The document notes that a methodology to determine revenue drivers is expected to be agreed. We hope to see progress on this issue including timescales very soon. The revenue driver can become a critical path issue in securing incremental exit capacity yet currently connecting parties cannot influence this process nor do they have assurances over timescales.

The Association would also like to flag an issue that it has raised previously; namely the potential to include much of the ExCR methodology in the Code as it already duplicates significant sections of section B3. It would then be subject to Code governance processes and also open to shippers to raise change proposals in a manner consistent with the charging methodology. The ExCR in its current form would no longer be required except for ARCA applications. We hope that National Grid and Ofgem will take this forward as part of the RII framework.

### Supplementary Consultation

---

<sup>1</sup>The Association of Electricity Producers (AEP) represents large, medium and small companies accounting for more than 95 per cent of the UK generating capacity, together with a number of businesses that provide equipment and services to the generating industry. Between them, the members embrace all of the generating technologies used commercially in the UK, from coal, gas and nuclear power, to a wide range of renewable energies.

The Association appreciates the issues raised here but notes that the 4 year user commitment and 14 month notice period were key aspects of exit reform. The intent of which was to provide improved and more efficient signals for exit capacity to National Grid, with the 14 month notice period to allow for surrendered capacity to be reallocated. However processes were established to allow early discharge of a user commitment if through a rise in charges the user commitment amount had been paid in a period less than four years. There was also recognition of the principle that the user commitment provides certainty over the availability of capacity, but not at a fixed price, but at a price determined by the prevailing charging methodology, which is currently under review.

We consider that parties requesting incremental capacity in 2009 were aware of these rules, and on this basis we cannot see any case for changing the current arrangements, unless any proposed changes can be demonstrated to be beneficial for system investment, operation or competition in a manner consistent with the Code relevant objectives.

22 March 2011

Association of Electricity Producers  
Charles House  
5-11 Regent Street  
London  
SW1Y 4LR  
Tel: 020 7930 9390  
Fax: 020 7930 9391  
Email: [jcox@aepuk.com](mailto:jcox@aepuk.com)  
[www.aepuk.com](http://www.aepuk.com)