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Dear Andrew,

RE – Consultation on the NTS Exit Capacity Release Methodology Statement (ExCR) in respect of the Transitional and Enduring Exit Periods (August 2012)

British Gas Trading welcomes the opportunity to provide a response to this consultation.

We agree that the ExCR should be updated to reflect the changes implemented via UNC Modification 417S.

The proposed changes might be improved by:

- (a) better identifying the new text in paragraph 71 (currently referred to as “a”) as a properly numbered sub-paragraph;

and

- (b) referring to this sub-paragraph in paragraph 85 (c) such that the provisions of paragraph 85 (c) are subject to the new sub-paragraph. New text added to paragraph 87 captures the new rules in a more general way but we’d suggest adding the qualification to paragraph 85 (c) would be helpful.

As we have commented in the past, we have concerns over the relationship between the Uniform Network Code (UNC) and ExCR, particularly surrounding the User Commitment rules. We believe that the UNC takes precedence over the ExCR in the event that there might be a conflict between the 2 documents and this is appropriate since the UNC is subject to a significantly more rigorous governance process than the ExCR.

The example of UNC Modification 417S highlights how the ExCR might have prohibited the UNC modification from being implemented, i.e. changes to the UNC could have been predicated on changes to the ExCR. On this occasion the modification was implemented and only now is the ExCR catching up (retrospectively, as you propose) with the changes required around the User Commitment rules. However, there remains a risk, in our view, that in the future changes required to the ExCR could inhibit changes to the UNC.

The issue is highlighted by the new text in UNC giving effect to Modification 417S:

Paragraph B3.2.17 (b) (i) basically says that National Grid NTS may give effect to a capacity reduction request subject to the rules contained in the ExCR, i.e. “as determined in accordance with the principles in the prevailing Exit Capacity Release Methodology Statement”.

Therefore, as we have commented before, we believe there would be merit in including certain provisions of the ExCR in the UNC, particularly the User Commitment rules. In so doing, more appropriate and rigorous governance of the industry rules would be achieved. We would welcome your views on this and whether you would be supportive of such a change.

Yours sincerely,

Graham Jack
Commercial Manager