

Andrew Fox
Senior Commercial Analyst
National Grid
Transmission Commercial
National Grid House
Warwick Technology Park
CV34 6DA
3rd December 2010

Jonathan Dennett
Strategy Manager
National Grid Gas Distribution
jonathan.dennett@uk.ngrid.com
Direct tel +44 (0)1926 65 5179

www.nationalgrid.com

Dear Andrew,

Consultation on “The Exit Capacity Substitution Methodology Statement”

Thank you for your invitation to comment upon the above consultation.

National Grid Gas Distribution (NGGD) acknowledges that the process adopted prior to the publication of your consultation was appropriate and has provided an opportunity for all interested parties to express their opinions.

NGGD believes that the process of Exit Capacity Substitution should be as simple as possible bearing in mind the need for a transparent process that is equitable and maximises benefits.

Exit Capacity Substitution should apply from Y+4 or later so that the timescale for substitution is aligned with that of the construction of assets. This is appropriate because substitution is intended to minimise investment, which cannot be completed before Y+4.

Unless there is a very good reason, e.g. an EU directive, the process for the booking and allocation of exit capacity should not discriminate between classes of exit point.

Previously NGGD raised a general concern with the interpretation of the Overrun/User Commitment/Flow Swapping regime. These concerns remain. It is our intention to raise them again in the future.

On occasions during the process NGGD made representations to you about quantifying the benefits of introducing Exit Capacity Substitution. To date you have not produced any justified figures showing the amount of money that will be saved. NGGD is somewhat skeptical that there will in fact be substantial savings however in spite of this NGGD is likely to acquiesce with your proposals provided that the points that we have made about Y+4, non-discrimination etc. are adhered to.

Yours sincerely,

By e-mail

Jonathan Dennett
Strategy Manager