



**Exit Capacity Substitution  
and Revision Methodology Statement  
Formal Consultation Conclusions Report**

**28<sup>th</sup> March 2013**



No.	Party	Response Quotes	National Grid Response	Proposed changes
<b>1 – General</b>				
1.1	EDF	We note that in its consultation covering letter NGG NTS indicated that it proposed only minor changes of which the most significant are aligning the ExCS references and terminology to the RIIO-T1 Final Proposals; and deletion of superfluous wording in paragraph 37 .....we have identified changes to the ExCS that make changes over and above those listed in NGG NTS' consultation covering letter	National Grid believes that it has only proposed minor changes of which the consultation cover letter listed the most significant. A comparison document is provided with all our consultations to highlight to all reviewers every single change, no matter how trivial.	None
1.2	EDF	We have ... identified a number of formatting editing and incorrect referencing issues.	Noted. See comments 1.3 to 1.6 below.	See below.
1.3	EDF	P4- first bullet point: align with the rest of the paragraph.	Noted.	Paragraph aligned correctly
1.4	EDF	P11-paragraph 16: an incorrect term has been used, it should state <b>Funded Incremental Obligated Exit Capacity</b> and not Funded Incremental Exit Capacity.	Agreed.	Term corrected
1.5	EDF	P21-paragraph 70: we believe that the referencing is ambiguous. It appears that it is referencing 5G.7 of NGG NTS' Licence which states 'The Licensee must keep each Exit Capacity notice'. Should it actually be referencing 5G.8? This states: 'The Licensee must provide the Authority with such additional information as the Authority reasonably requests for the purposes of considering an Exit Capacity notice made by the Licensee'.	Agreed, the reference should be 5G.8	Reference amended
1.6	EDF	P13 –paragraph 26 .This paragraph directs the reader to.... an obligation for NGG NTS to create a methodology to determine revenue drivers. The previous ExCS referred readers to a specific list of exit points and revenues.... We believe that this attempt to amend the references to reflect the new RIIO-T1 licence conditions ... is not a 'like for like' reference change and .... should be amended to provide clarity.	The reference in the previous ExCS pointed to the section of the Licence covering "Exit capacity investment incentive revenue". Our proposal was to reference the obligation to produce a methodology for calculating revenue drivers. As there was no equivalent obligation in the TPCR4 Licence, we consider that this change, although not exactly like-for-like, is not unreasonable considering that the relevant paragraph of the ExCS refers to revenue drivers. However, to avoid any confusion, we propose to amend the reference to Special Condition 5G Part D "Additional Totex allowances in respect of the release of Funded Incremental Obligated Exit Capacity .....".	Reference amended

1.7	NG NTS	NG NTS has noticed that the link provided in paragraph 70 is incorrect.	Link amended	Link Amended
<b>2 – Exchange Rate</b>				
2.1	EDF	NGG NTS has removed part of paragraph 37 which removes the requirement for the exchange rate limit to be reconsidered since the initial application of the ExCS. NGG NTS has also removed references that enable the exchange rate limit to be amended or removed during the annual review of the ExCS. We do not agree that this wording is superfluous as the exchange rate limit and the possible application of an exchange rate collar should be always be subject to revision if appropriate.	We agree that the exchange rate limit and possible application of an exchange rate collar should be subject to revision. Each year when reviewing the methodology consideration is given to amending the exchange rate cap and collar. All other rules and processes are similarly considered. It seems inappropriate therefore to specifically highlight reconsideration of two factors, the exchange rate limit and possible application of an exchange rate collar, when the whole methodology is reconsidered annually.	None
<b>3 – Determining Substitutable Capacity</b>				
3.1	EDF	In the existing statement NGG NTS must consider capacity that has previously been substituted to an NTS Exit Point as substitutable... (paragraph 18 (d)) NGG NTS has amended the wording so that it <i>may</i> consider as opposed to <i>will</i> consider this capacity for substitution. .... however the revised wording enables NGG NTS to use its discretion as to whether or not to substitute the capacity. This appears to be a change in principle to how capacity may be considered for substitution and we do not understand why this change is necessary.	The revised wording takes into account that point (d) of paragraph 18 is only one of a number of factors, defined within that paragraph, to determine the quantity of “Substitutable Capacity”. Therefore the wording “will consider this capacity” could be considered to over-rule the other factors. Hence we have proposed the revision to “may consider this capacity”.	None