

The Joint Office, Relevant
Gas Transporters, Shippers and other
interested parties

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Dear Colleague

Re: Consultation on “The Generic Entry and Exit Revenue Driver Methodology Statement”.

With effect from 1st April 2013, changes were made to the NTS Licence to implement the RIIO T1 Price Control and as a consequence of the introduction of Special Condition 9C, National Grid is required to have in place a Generic Entry and Exit Revenue Driver Methodology Statement. The purpose of this Methodology is to determine any additional revenue allowances relating to the release of Funded Incremental Obligated Entry Capacity and Funded Incremental Obligated Exit Capacity.

The introduction of the methodology is seeking to ensure that Revenue Drivers are in place in the Licence in a timely manner such that anyone wishing to bid for incremental capacity can do so. We believe the implementation of the methodology should enable the process to be more efficient, and less critical to the delivery timescales. Anyone wishing to signal incremental capacity should contact National Grid to discuss their requirements such that appropriate arrangements can be made, including the generation of a Revenue Driver as required.

As defined within the Licence; “Generic Revenue Driver Methodology means an approach to calculating revenue drivers for NTS Entry Points and NTS Exit Points, which will be approved by the Authority, published by the Licensee on its website and will be modified in accordance with the obligations set out in Special Condition 9C (Methodology to determine revenue drivers).”

We consulted on a draft of the Generic Revenue Driver Methodology in October 2012¹, prior to a final decision on RIIO T1. We have now updated the Draft Generic Revenue Driver Methodology in light of the RIIO T1 Licence changes and have now issued an updated draft Generic Revenue Driver Methodology Statement for industry and stakeholder consultation.

The document has been produced and is being consulted on to seek to comply with the Licence obligation to submit a generic entry and exit revenue driver methodology to determine any additional revenue allowances relating to the release of Funded incremental obligated entry capacity and Funded incremental obligated exit capacity by 1st September 2013.

¹ See National Grid's website <http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/generic-revenue-driver-methodology-statement/>

A copy of the proposed methodology statement accompanies this letter and we would appreciate comments on the proposed methodology statement.

Responses to the proposed methodology statement should arrive at National Grid by 17:00 on 9th August 2013. If you have any questions in relation to the methodology, please contact Mark Hamling (mark.hamling@nationalgrid.com) on 01926 654276. Responses should be sent to:

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Alternatively they can be sent by e-mail to:
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Yours sincerely

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