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Steve Fisher
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Dear Steve,

Re: National Grid Transmission's Consultation on Capacity Methodology Statements

Thank you for providing an opportunity to comment on your proposed changes to capacity substitution rules as contained in the capacity methodology statements. This response is on behalf of the Centrica group of companies but excluding Centrica Storage Limited.

There are 2 substantial proposed changes we want to provide views on: a reduction in the lead time for the provision of substitutable capacity (with the consequential changes in capacity baselines) and prioritisation of substitution from "disconnected" sites over live sites.

We support both of these proposals in principle but have some observations and suggestions that we want you to consider:

Revision of the Substitution Lead Time

The current lead times for capacity substitution were based on now redundant licence obligations on National Grid essentially to meet requests for new long-term (incremental) capacity within certain timeframes (roughly speaking, between 3 and 4 years). These timeframes have previously been described as investment lead times for capacity. Accordingly, it was argued that lead times for capacity substitution should be aligned with these timeframes.

However, with the introduction of Planning and Advanced Reservation of Capacity Agreements (PARCAs), these investment lead times no longer hold any meaning and it is therefore appropriate that the linkage to capacity substitution lead times is reconsidered. Under a PARCA, the "investment lead time" is essentially the time taken to perform physical works for the provision of incremental capacity and this is expected to be up to 2 years.

We therefore agree that it is logical to amend the capacity substitution lead times to more closely align with this 2-year period.

Such a change will help to promote more efficient access to the NTS for new projects (or growth in existing projects) and will reduce the likelihood of capacity being sterilised. Although capacity substitution presents some risk for Donor sites, these sites will still have access to shorter-term capacity products that will go some way to mitigating the risk of their not being able to flow gas when required. Should access to such shorter-term capacity products change in future then it would be appropriate to reconsider lead times for substitution.

Prioritisation of Substitution from “Disconnected” Sites over “Live” Sites

We agree with this proposal – it will help to optimise the availability of capacity at live sites/ system points.

However, we believe that more attention should be given to the definition of a “Disconnected” site. We note that you propose to link this with the termination of a relevant NEA or NExA for system points that have been isolated. We consider that it is more appropriate to base the definition on shipper-related actions rather than site/ operator actions since shippers are the parties who are responsible for registering and paying for capacity.

We therefore recommend that a site/ system point be defined as “Disconnected” when it has been isolated and

(a) for entry points, no capacity contracts remain outstanding and

(b) for exit points, all shipper Users have “Withdrawn” from the site (i.e. there remain no Registered Users).

Yours sincerely,

Graham Jack
Regulatory Manager