

Energy UK response to National Grid Consultation on Capacity Methodology Statements

3 November 2016

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 90 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

Energy UK welcomes the opportunity to respond to this consultation as these statements outline way in which capacity is made available to shippers, whether this is at entry or exit. It is important that the statements are regularly reviewed to ensure they remain fit for purpose as the network is no longer expanding and the majority of capacity requests can be met by the reallocation of existing capacity.

Energy UK also maintains its view that the statements for capacity release and substitution should be incorporated into the UNC so that governance of changes can be managed by the UNC framework. We welcome the work that has been done to date on this and hope that in the future this transition can be completed.

Energy UK broadly supports the proposals with respect to the retainer process and decommissioned sites. We think that the rules around substitution from decommission sites can go further than proposed here, but accept that this is a suitable first step that can be implemented in a timely manner.

With respect to reducing the substitution lead time from Y+4 to Y+2, we agree this is more consistent with the PARCA capacity release lead times and therefore an appropriate change. However our support for this is linked to the continuation of the current off-peak capacity and charging arrangements. We note that in the PARCAs that have progressed to the end of phase 1 the capacity requirement for the time before substitution can occur is usually managed by National Grid releasing non-obligated capacity. Facilitating earlier substitution will reduce risk for National Grid but potentially increase the risk of securing capacity for sites that are donor sites.

Energy UK would be happy to discuss these points further, in the first instance please contact Julie Cox, details below.

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