

CadJan20

Date

30 Jan 2020

Cadent Gas Limited
Brick Kiln Street, Hinckley
Leicestershire LE10 0NA
cadentgas.com

Gurvinder Dosanjh
Mobile: +44 (0)7773 151572
Email:
gurvinder.dosanjh@cadentgas.com

Mike Wassell
RIO2 Incentives Manager
National Grid
Mike.J.Wassell@nationalgrid.com



National Grid GT RIO2 Incentive Consultation

Dear Mike,

We welcome the opportunity to respond to the National Grid Consultation on the proposed Gas Transmission RIO2 Incentives.

Please see below our response to those areas that we believe are of most relevance to Cadent.

Capacity Constraint Management (CCM) and Residual Balancing

Q1. Do you agree with the principle and proposed structure of the Incentive?

A1. Yes, we are in agreement with the principle and proposed structure for both mechanisms.

Q2. Do you agree with the proposed changes to the Incentive for the RIO2 period?

A2. We do agree with the proposed changes for both.

Q3. Do you have any additional feedback on the Incentive?

A3. Both CCM and Residual Balancing are tools that are required to be used in response to within-day behaviours by Users of the National Transmission System (NTS) however, these tools are reactive rather than proactive. In Cadent's view, one of the reasons that the NTS would have to take these actions is because there are limited within-day Incentives (whether Charging or Output related) on the NTS Users to profile either the upstream Supply on Entry, or the downstream Demand on Exit, of gas throughout the day. If there were, this could provide far greater support in enabling the NTS to efficiently operate and balance their system.

The introduction of a Distribution Network Flex Incentive is something that Cadent believes should be considered as part of a 'Whole System Solution' under RIO2. Discussions on this subject have taken place for a considerable time now, and we consider this to be an opportune time to progress this matter. There is potential for a further Incentive under RIO3 extending the mechanism to all remaining NTS Users. This would provide the right signals and encourage the right behaviours across all NTS Users. In addition, this would naturally encourage a collective behaviour that could have a significantly beneficial impact on the Linepack swings that the NTS are reporting as the cause of an increasing number of issues as we enter a new decade.



We appreciate the engagement to date, and hope that our feedback adds value to future discussions on this matter.

This response is made on behalf of Cadent and can be published by National Grid. If you have any further questions, please do not hesitate to contact me using the details at the top of this letter.

Yours sincerely
By email

Gurvinder Dosanjh
Industry Codes Manager