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Cadent response to National Grid Transmission's Consultation on the Exit Capacity Release Methodology Statement

Dear Chris,

We welcome the opportunity to respond to the National Grid (NG) Consultation on the proposed changes to the Exit Capacity Release (ExCR) Methodology Statement. Please see our response below.

ExCR Methodology Statement

Reduction of the User Commitment for Incremental Capacity from 4 years to 2 years for Instances where the Additional Capacity is made available via Substitution as per Exit Capacity Substitution Methodology Statement

We welcome and support the proposed reduction to the User Commitment (UC) period from 4 years to 2 for Incremental Exit Capacity where this additional capacity is made available via Substitution. This provides greater flexibility for Users and the ability to reduce capacity holdings sooner, and release capacity for other Users to make use of what would otherwise become sterilised. This will ultimately benefit the customer as it supports a more efficient use of the whole system.

Whilst there may be an argument for maintaining the 4 Year UC period to requests triggering the release of Incremental Obligated capacity that result in investment on the network, we do not support imposing UC where there is no investment. We therefore appreciate the change of stance by NG.

During discussions at the UNC 0705 Capacity Access Review workgroup, we have argued that where investment is not needed, UC should not apply (including requests above Baseline) as there appears to be no justification for passing these costs on to the end Customer.

In addition, as highlighted in the 2021 consultation on the Capacity Methodology Statements, during RIIO2 the Gas Distribution Networks (GDNs) must meet new requirements in the Exit Capacity Planning Guidance which are designed to result in GDNs booking a level of NTS Exit Capacity that effectively and efficiently provides for their 1-in-20 demand forecast. As the only driver is to secure Peak Day capacity, it could be argued the GDNs incurring UC (in any form) an unnecessary and potentially, inefficient element of the bookings process from a whole system perspective.

In our opinion, UC should not in any case apply:



1. Where the requirement for investment on the NTS cannot be clearly demonstrated, and/or;
2. If a GDN seeks to secure Enduring NTS Exit (Flat) Capacity in line with that published within the latest Exit Capacity Planning Guidance document (as per Standard Special Condition **A57: Exit Capacity Planning**).

Change to the Price Feeding into the Calculation of the PARCA User Commitment Amount

We support the proposed change to the Methodology as it will add clarity where in the instance of a PARCA, National Grid will use either the indicative or where published, the actual price for the calculation of the final User Commitment Amount.

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

This response should not be considered as confidential 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

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