

Alison Chamberlain
Gas Charging and Capacity Development
National Grid
National Grid House
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11th May 2017

Dear Alison

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

Thank you for providing an opportunity to comment on your proposed changes to your Capacity Methodology Statements. This response is on behalf of the Centrica group of companies, excluding Centrica Storage Limited.

We have some comments to make on the Entry Capacity Release Methodology and the Exit Capacity Release Methodology Statements. Similar comments relate to both Statements but are repeated below for ease of reference.

Entry Capacity Release Methodology Statement

Navigation of the Document – It would help if you amended the headings of Part A and Part B to indicate that these sections only refer to non-Interconnection Point capacity (Part C covers Interconnection Point Capacity.) This would be further helped by making a similar distinction in paragraphs 41 to 43.

Para 73 – Although there is no proposal to change this paragraph we believe that the ability for National Grid to withhold capacity from DSEC auctions should be reviewed, especially in the light of this option having been exercised by National Grid last year.

Para 198, 2nd Bullet – The drafting of this paragraph could be clearer. As written it is wrong in that it states that capacity for each quarter in Gas Year Y+1 will be offered in each of the 4 auctions. This could be remedied by saying that the capacity will be sold for “each **remaining** quarter of Gas Year Y+1”.

Para 221 – the term “joint notice” at the end of the paragraph should be defined or better described. Presumably this refers to the form of notice that could arise under para 228?

Footnote 48 – This is an important treatment of capacity and should be more fully explained in the main body of the document. For example, presumably withheld capacity will only apply to Funded Incremental Capacity and not to any capacity that has been substituted to meet the applicant's needs? The IP PARCA would need to explicitly set out how much capacity the applicant (or Nominated user) would receive at the end of the process. Also, how the provision of the withheld capacity impacts on the economic test and how the cost of providing it will be recovered from Users should be stated.

Para 231 (d) – should this refer to **Funded** Incremental Obligated Entry Capacity?

Para 232 (e) – Should this refer to “**unsold Technical Interconnection Point Capacity**” instead of “unsold Reserved Entry Capacity”?

Economic Test, Paras 240 (a) and 241 – it would be helpful to clarify whether the applicant/ Nominated User’s binding revenue commitments include any contribution towards the provision of withheld capacity.

Para 242 – It would be helpful to have an explanation of how the Mandatory Minimum Premium will apply in practice. For example, will the premium be attached only to that capacity provided for under the IP PARCA (and to neither any sold Technical Interconnection Point Capacity or any withheld capacity)?

Exit Capacity Release Methodology Statement

Para 15 – it would help to better describe the purpose of the DIA Fee and to include it as a definition in Appendix 3.

Part A Title – would be useful to have this as “EXIT CAPACITY RELEASE **AT NON-INTERCONNECTION POINTS**”

Para 191, 2nd Bullet - The drafting of this paragraph could be clearer. As written it is wrong in that it states that capacity for each quarter in Gas Year Y+1 will be offered in each of the 4 auctions. This could be remedied by saying that the capacity will be sold for “each **remaining** quarter of Gas Year Y+1”.

Chapter 8 – contains numerous references to “IP ASEP” which should be replaced with “**IP Exit Point**” or something similar).

Para 208 – should this refer to **Funded** Incremental Interconnection Point Capacity? Can you clarify whether incremental capacity can be provided by capacity substitution via the normal auction processes (this would probably be limited to unbundled capacity)?

Para 213 (a) – what happens if the applicant withdraws from the process, resulting in the incremental project not proceeding – is the fee repaid? Maybe this paragraph needs to be more descriptive.

Footnote 64 – This is an important treatment of capacity and should be more fully explained in the main body of the document. For example, presumably withheld capacity will only apply to Funded Incremental Capacity and not to any capacity that has been substituted to meet the applicant’s needs? The IP PARCA would need to explicitly set out how much capacity the applicant (or Nominated user) would receive at the end of the process. Also, how the provision of the withheld capacity impacts on the economic test and how the cost of providing it will be recovered from Users should be stated.

Para 224 (e) - Should this refer to “**unsold Technical Interconnection Point Capacity**” instead of “unsold Reserved Entry Capacity”?

Economic Test – it would be helpful to clarify whether the applicant/ Nominated User’s binding revenue commitments include any contribution towards the provision of withheld capacity.

Para 234 – It would be helpful to have an explanation of how the Mandatory Minimum Premium will apply in practice. For example, will the premium be attached only to that capacity provided for under the IP PARCA (and to neither any sold Technical Interconnection Point Capacity or any withheld capacity)?

Yours sincerely,

Graham Jack
Regulatory Manager