

National Grid Gas's Formal Consultation on Capacity Methodologies and Statements

14 May 2019

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the 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 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests £12bn annually, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HM Treasury.

Energy UK welcomes the opportunity to comment on this final consultation.

Energy UK's views remain unchanged on the key issues since its response to the preliminary consultation¹

We note that a few changes have been made to the proposals; including not anticipating changes to its licence before they have happened, this is welcome.

Governance

We maintain our long-held view that it would be more efficient and provide for better governance if the capacity release and substitution rules were incorporated into the UNC. Ofgem has flagged that it wishes to have a reduced role in these processes and we would support that.

An example that is contra to this, is that the ECRM proposes to no longer reference the estimated project cost calculation in the UNC, rather include this in the ECRM. However, this is not explicitly stated in the cover letter so may be missed by respondents.

User Commitment

There are currently two UNC modification proposals in progress that seek to address issues identified with the methodology statements and in particular user commitment. Whether these

¹ <https://www.nationalgridgas.com/document/126316/download>

proposals are implemented or not we think it would be appropriate for there to be a general review of user commitment, particularly when requests can be met by substitution. This should consider exit capacity as well and entry capacity.

Daily Capacity Auctions

National Grid raised the issue of not releasing daily capacity into a constraint a couple of years ago. We did not support it at that time nor do we now.

National Grid should follow the rules in the UNC and its licence for the release of capacity at exit and entry, we do not believe it is appropriate that capacity release should be limited, by a methodology statement, in the event of a constraint as National Grid receives funding to manage such constraints. If National Grid wishes to pursue this change it should raise a UNC proposal so it can be fully considered.

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