



Thank you for the opportunity to respond to this consultation report. We recognise the significant work that is ongoing in this area, including recent developments such as the introduction of the Exit Capacity Planning Guidelines (ECPG), amendments to the NTS Exit Capacity Methodologies, and discussions at UNC 0705 Review group.

Consultation Questions with Responses

National Grid NTS would welcome responses to the following questions, with any appropriate details:

1. What further developments do you see happening within the energy regime (either specific to your sector or more broadly) by 2030 which could have any influence on the 2030 scenario?

The road to Net Zero involves several projects aimed at delivering each of the phases required to meet the ultimate ambition of transporting clean, carbon-free energy safely to the homes and businesses of the UK. Predominantly hydrogen-focused (with Biomethane to a lesser extent), the GDNs are working with other major partners on pilots introducing both blended, and pure versions of the product. As the volumes of hydrogen, and numbers of producers increase, the likelihood is that localised solutions become a viable alternative to supplies taken off the NTS.

From a whole system perspective, we are seeing significant growth of flexible generation on our networks and changes to our daily demand profiles as these sites respond to signals on the electricity markets. There has already been discussion at Transmission Workgroup about the requirements for these sites where they are embedded in the Distribution Networks, and whether future arrangements for the way in which NTS capacity is booked for them (currently by GDNs) should be more flexible.

1a. What would be an early indicator of these developments taking place?

The successful roll out of projects such as Hydeploy 3, the Hydrogen Village, and the recent approvals by the UK Government for HyNet and the Eastern Hydrogen project.

2. What option/combination of options (outlined in Section 3c, and further detailed in Appendix C of this document) do you believe best achieve the 2030 scenario and why?

Option	Pro's	Con's	Comments
A: Access Based on Flow	<ul style="list-style-type: none"> Required flows always available Peak and Down the Curve requirements demonstrated via ECPG Potential to reduce Assured Pressures away from Peak and increase 		<p>Would above Baseline be available?</p> <p>ECPG would need amending to remove requirement to book long-term capacity in line with Peak Day forecast.</p> <p>All options that allow for a 'Seasonal Capacity' booking for</p>



	<p>availability of NTS Exit (Flex) Capacity</p> <ul style="list-style-type: none"> • Cost Reflectivity 		<p>GDNs should also have merits assessed from a Pricing perspective to better understand potential impact upon customers.</p> <p>Potential of volatility between the markets if hydrogen is rolled out, especially in the early stages.</p>
B: Access Based on Nomination	<ul style="list-style-type: none"> • Uses existing Offtake Profile Notice (OPN) facility to secure capacity • As Option A 		Similar to Option A
C: Access with No Financial Commitment	<ul style="list-style-type: none"> • No User Commitment • GDNs remain compliant with both Peak Day and ECPG obligations • Cost Reflectivity 		<p>This has the potential as an 'ideal' solution for all GDNs.</p> <p>SSpC A57 places obligation on GDNs to book long-term capacity in line with the Peak Day forecast, in the most efficient manner.</p> <p>Incentives would be needed for Shippers.</p> <p>What happens if there are constraints on the NTS in a short-term way during transition, how is that handled?</p>
D: Flexible Access Pass	<ul style="list-style-type: none"> • Potential to procure Daily, Weekly, Monthly, Quarterly or Annual product • Cost Reflectivity 	<ul style="list-style-type: none"> • Little benefit over existing arrangements with potentially, greater workload 	
E: Daily Product Based on Flow, Longer Product Booked	<ul style="list-style-type: none"> • Provides certainty of long-term Peak Day bookings 		<p>Embedded generation within GDN's may benefit as their non-typical flow essentially, relies on NTS Exit (Flex) rather than Flat.</p>



F: Only Book Access Product for Short Duration		<ul style="list-style-type: none"> Adds little value over other options for the GDN 	
G: Access Rights Booked			GDNs require certainty provided via long-term bookings, so adds little value
H: NTS Used as Storage			Based upon our latest forecast this is not considered a realistic option.
I: Do Nothing			n/a

2a. Do you have any preference on an option(s) to develop further?

Options A, B, C and E are of most interest, along with any option that can handle short term constraints and volatility.

3. When should further development and implementation of the preferred option take place?

A new review group should be formed following the closure of UNC 0705R – NTS Capacity Access Review.

3a. Do you have a view on the prioritisation of the development of the options?

Although we have stated our preferences above, we are happy to await the output from this consultation and discuss further at the appropriate forum.

3b. Do you have a preference towards whole scale or a more incremental approach to change?

This will need to be considered during the review with the merits of each discussed in detail to ensure an efficient industry wide solution can be implemented at least cost. Any quick wins can be implemented provided they add to the end goal and do not conflict.

4. Are there any other options which should be considered? Please provide any details of how you would see the options working at a high level.

With the removal of the Capacity Outputs Incentive at the end of RIIO-GD1 and the introduction of **Standard Special Condition A57: Exit Capacity Planning** in RIIO-GD2, the GDNs are essentially carrying out the administration of the Capacity Bookings process on behalf of the Shippers and are driven purely by Licence Conditions. Therefore, there is an argument that elements of a future framework apply differently to the GDNs than to Shippers, and perhaps a hybrid solution be sought made up of a mix of the options provided above.

Further consideration is encouraged to benefit the customers that we collectively supply.

5. Do you have any other comments?

We hope that our response adds value to this debate and are happy to discuss in detail as and when needed.