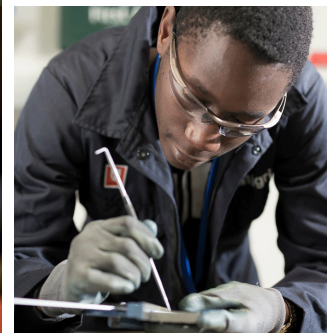


Methodology Review



Transmission Workgroup

06 September 2018

Background

- The NTS Gas Transporter Licence sets obligations on National Grid to produce statements setting out the various capacity methodologies.
 - ECR: Entry Capacity Release
 - ExCR: Exit Capacity Release
 - ECS: Entry Capacity Substitution
 - ExCS: Exit Capacity Substitution and Exit Baseline Revision
 - ECTT: Entry Capacity Transfer & Trade
- Each statement must be consulted on at least once every 2 years.
- Current Statements: Effective 31st July 2017
- The backstop date for completion of the next consultation is 31st **July 2019**.

Capacity Conversion (IP only)

- Modification 0616S : requires a conversion mechanism to be offered to Users at the Interconnection Points
 - Explain how the allocable (available) quantities will change as a result of such a conversion.
 - (Possible) Add section into the ECR (Part C) to explain how capacity purchased in certain auctions, as part of a bundle (up to and including the total of the Users available unbundled) can be converted.

CLoCC

- CLoCC (customer low cost connections)
 - Modification: 0628S: implementation due date 30th October 2018.
 - Amend the capacity PARCA process – notably to allow for an accelerated route through the PARCA phase 1 process for a Standard Design Connection with a “green indicator”.
- Subject to Licence Consultation:
 - Where a Point has Zero Baseline the Point will be entered onto the Zero Baseline Table on the Capacity Report Published by National Grid.
 - Where a Point has a Baseline greater than zero National Grid will initiate the process necessary to modify the Licence as per current methodology statement wording.

Charging related changes:

- Proposal to include in scope of the next version of the Methodologies:
 - NPV Test – current regime for GB points includes the concept of Project Value. The outputs from the charging review do not include the concept of a “project value”.
 - Proposal to replace “project value” with the IP method of the “estimated increase in allowed revenue”.
 - Consider other aspects of the IP test for the domestic test.
- Changes to the NPV test can happen independent of whether any of the 621 mods are implemented.
- Consider timing of any other charging related changes.

Substitution

- Should it be necessary to pass the NPV test where there is no requirement for funded incremental?
 - The duration test (16 quarters) would be retained.
- CLoCC has envisaged this approach.

PARCA Process

- Any other changes/ improvements to the process in addition to CLoCC changes?
- Ad-hoc applications received during a PARCA window.
 - ExCR Para 103 currently interpreted to give PARCA priority. Proposed change to allow Transmission to allocate these ad-hoc applications ahead of the PARCA.

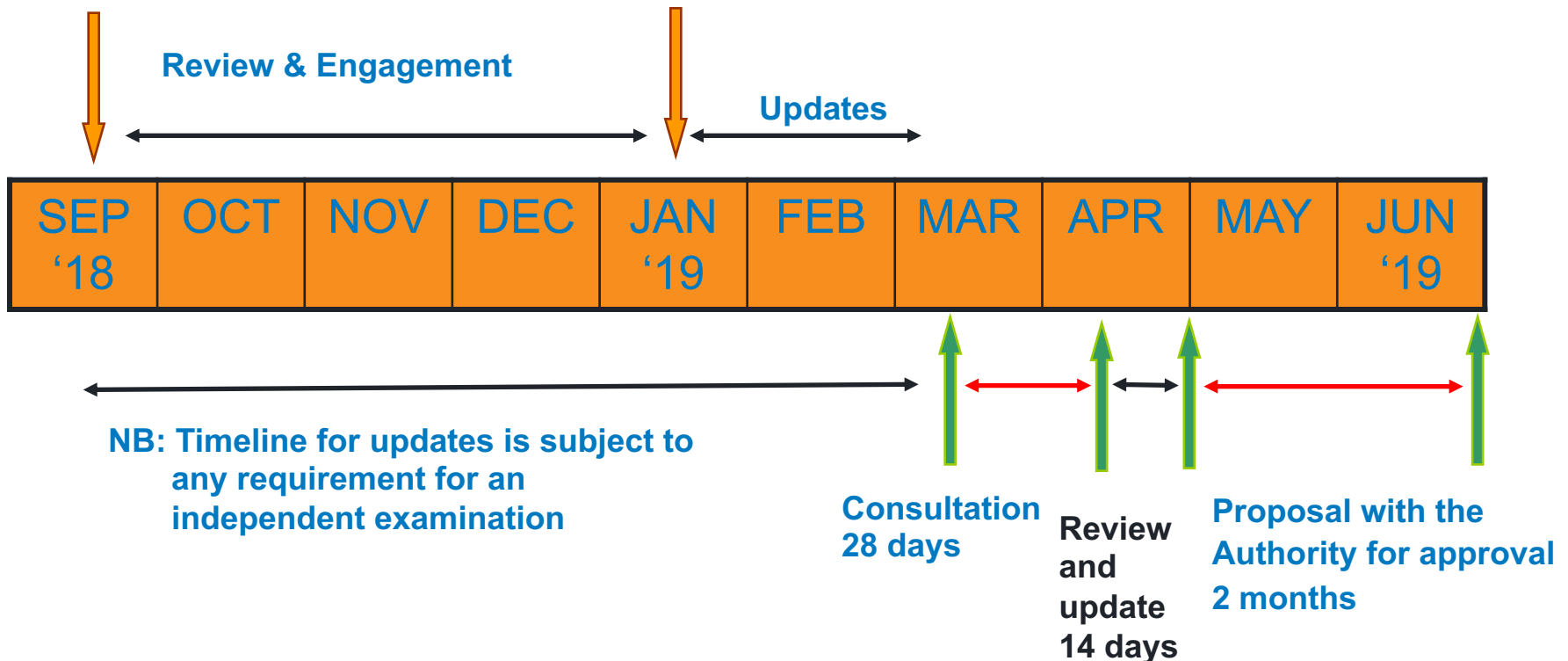
Miscellaneous

- Withholding Capacity
 - The ECR allows for capacity to be withheld when a constraint is predicted. The quantity is limited to an amount deemed necessary to avoid the constraint.
 - Proposal to replicate these provisions in the ExCR to match this. Para 167 & 202.
- Are Retainers still relevant?
- Can we provide clarity on any existing processes? e.g. Competing Auctions at IPs, routes to acquire capacity, etc.
- Editorial - Correction of minor errors in current version.

Backstop Timetable 2018/2019

- Consultation on the capacity methodology statements will, at the latest, follow the timetable outlined below.

Transmission Workgroup



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