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Ashley Adams, Jennifer Randall
National Grid

By email to Ashley.Adams@NationalGrid.com and Jennifer.Randall@NationalGrid.com

20 February 2020

Dear Ashley, Jennifer,

Capacity Access Review: Strategy Consultation

SGN welcomes the opportunity to respond to National Grid's capacity access strategy consultation, following ongoing discussion at the Uniform Network Code (UNC) Transmission Workgroups in relation to UNC 0705R.

We have structured our responses in line with the questions posed in your consultation document, for ease of comparison with other respondents.

General Questions

Q1. Do you wish your consultation response to remain anonymous?

No.

Q2. How would you describe your interest within the gas industry?

SGN is a Gas Distribution Network, managing the network which distributes natural and green gas to homes and businesses across Scotland and the South of England. We deliver a safe, secure and reliable gas supply to 5.9 million customers through 74,000km of pipeline.

Long-term Ambition Statement

Q.3 On a scale of 1-10, (1-very strongly disagree, 10-very strongly agree). Do you agree with the long-term ambition statement set out by National Grid NTS in section 6?

Rating: 9.

Q.4 Do you have any other comments to add regarding the ambition statement?

SGN agrees with the general principles of this statement however would highlight that any new proposals should not disadvantage DN license obligations and customers. It should allow the ability to

book appropriate capacity without unnecessary capacity commitments obligation. This will provide a more accurate long-term signal.

Future Functions

Q5. On a scale of 1-10, (1-very strongly disagree, 10-very strongly agree) Do you agree with the following functions set out by National Grid NTS in section 7.

- A. Signal a need for capacity requirements
Rating: 9
- B. Manage network access where there is a short-term constraint
Rating: 8
- C. Provide users with commercial certainty on network access
Rating: 9
- D. Collect transporter allowed revenue
Rating: 9
- E. Enable new entrants, including new sources of gas and technologies, to easily and efficiently access the NTS
Rating: 8

Q6. Do you have any other comments regarding the 5 future functions?

N/A

Short-Term Issues

Q.7 Are there any other issues you are experiencing with the current regime that are not outlined in Section 9 Fig. 1?

DNs are unable to book our capacity in line with our demand forecasts because minor movements in Enduring Capacity bookings result in a refreshed 4 year user commitment. This may drive the potential hoarding of capacity, as DN's would be able to respond to dynamic changes in demand – for example we are unable to release any capacity if demand forecasts decrease and then increase.

If DN's using short term auction to mitigate user commitment and reduce hoarding capacity then this presents a risk of exit substitution in future years, putting the DN at risk of not meeting its peak day requirement. In addition to providing National Grid with false signal of future demand requirements.

In relation to understanding the Exit Capacity Substitution methodology, inadequate information is provided to industry on which sites are likely to be affected by the process, particularly as substitutions can be made between non-proximate geographies. Therefore, any DN trying to mitigate hoarding capacity could end up with insufficient capacity due to exit substitution in future years. This could result in a PARCA being required from the NTS which may restrict customer access to the LDZ.

Should you require any further information with regards to our response then please do not hesitate to contact me at Hilary.Chapman@SGN.co.uk

Yours sincerely,

Hilary Chapman
Regulation and Codes Manager
SGN