

CadFeb20

Date

20 Feb 2020

Cadent Gas Limited
Brick Kiln Street, Hinckley
Leicestershire LE10 0NA
cadentgas.com

Gurvinder Dosanjh
Mobile: +44 (0)7773 151572
Email:
gurvinder.dosanjh@cadentgas.com

Jennifer Randall
National Grid
Jennifer.Randall@nationalgrid.com



National Grid Capacity Access Review: Strategy Consultation

Dear Jennifer,

We welcome the opportunity to respond to the National Grid Consultation on the Capacity Access Review: Strategy Consultation.

Question 1: Do you wish your response to remain anonymous

No.

Question 2: How would you describe your interest in the gas industry?

Distribution Network.

Question 3: On a scale of 1 – 10 (10 is very strongly agree) do you agree with the long-term ambition statement in section 6

6.

Question 4: Any other comments to add regarding the ambition statement

We believe that the framework for accessing capacity should be simple to both understand and apply and be one that encourages the most efficient use of the whole system. It should also be flexible enough to respond to the changing requirements of the gas industry.

Question 5: On a scale of 1=10 (10 is strongly agree). Do you agree with the following functions [of the capacity access regime] set out by NG NTS in section 7:

Q5a: Signal a need for capacity requirement

6.

Whilst Cadent acknowledges the application of User Commitment when there is a clear requirement for NTS to invest to support the additional capacity, we do not support the current methodology that applies a blanket approach to applying User Commitment to every enduring capacity increase as this is potentially not cost reflective in compliance with GT licence requirements.



This can have the effect of Users not signalling a requirement for capacity, but instead opting for Daily Products.

Q5b: Manage network access where there is a short-term constraint

9.

Q5c: Provide users with commercial certainty on network access

8.

As a Distribution Network, Cadent has a Licence obligation to meet its 1-in-20 Peak Day demand and requires certainty that this can be met for the current Gas Year. We are less concerned about future years as the forecasts are likely to change.

We are in favour of the current substitution process and believe that this results in the correct customer outcome as it mitigates against the need for further investment on the NTS system. We would not though, be supportive of any shortening of substitution lead times as the ability of Cadent to respond to changes in Peak Day forecasts would be severely hampered, with a potential risk to Cadent's ability to match booked capacity to an increase in peak day demand with the associated risk to customers supply.

Q5d: Collect transporter allowed revenue

8.

Distribution Network capacity bookings will not generally fluctuate significantly from year to year unless there are sharp movements in the demand forecast. As a result, one would suggest that revenue recovery via the RPM is fairly consistent with minimal need for additional revenue recovery mechanisms.

Q5e Enable new entrants including new sources of gas and tech to easily and efficiently access the NTS

7.

Q6 Any other comments regarding Q5 future functions

A future regime should facilitate ease of access to the Whole System, including Distribution Networks which are experiencing a growth in the connection of Embedded Generation, as well as new sources of gas supply.

Q7: any other issues you are experiencing with the current regime that are not outlined in Section 9 figure 1

Cadent has previously highlighted that there exists an inconsistency between how the Substitution process is managed and how the PARCA process is implemented through UNC:

- During the Annual Application Window, if Substitution is required, it takes place without any recourse for the affected User to respond or challenge
- Outside of the Annual Application Window, if Substitution is required, then a PARCA Notice is issued allowing interested parties to assess and respond accordingly.

We feel it would be beneficial for affected Users to be allowed to respond to any potential Substitution considered during the Annual Application Window.



PARCA Locational Clarity

In the interests of supporting efficient capacity bookings Cadent would also support a review of the PARCA process where Users are notified of an impending PARCA, greater certainty around potential Donor Offtakes would minimise the submission of unnecessary PARCA Applications, which has the potential to sterilise capacity.

We appreciate the engagement to date, and hope that our feedback adds value to future discussions on this matter.

This response is made on behalf of Cadent and can be published by National Grid. If you have any further questions, please do not hesitate to contact me using the details at the top of this letter.

Yours sincerely
By email

Gurvinder Dosanjh
Industry Codes Manager