

Capacity Access Review: Strategy Consultation

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

No

2. How would you describe your interest within the gas industry? E.g. (Shipper, Distribution Network, Storage Facility Operator etc.)

Distribution Network

Long-Term Ambition Statement

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?

8

4. Do you have any other comments to add regarding the ambition statement?
 - There should be recognition that sometimes we need different rules for different customers.
 - Reference 'objectives' if the statement will form the basis of whether any modifications are to be accepted.

Future Functions

5. 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.
9 - Agree that a function of the regime should allow users to signal a need for their capacity requirements.

Comments:

- The current regime is inflexible. We have reduced our offtake capacity bookings significantly to match our 1 in 20 peak day forecasts and reduce our capacity charges. Following this significant reduction in bookings we are now unable to make increases to our bookings to match changes in offtake demand, without incurring user commitment. Having the ability to easily match bookings to the latest modelled offtake demand forecasts would ensure NG have the most accurate view of demand at the offtake level.
- This paragraph only mentions 'investment' as a means of meeting capacity requirements. What about the use of substitution to meet capacity needs, is this an NTS 'investment' when the capacity is already available? Following a reduction to our bookings, 7 of our 9 NE LDZ offtakes had their unsold capacity allocated to Eggborough Power Station. This means that any increase we see on our NE LDZ offtakes would mean bookings take us above baseline, and user commitment would be incurred.

- b) Manage network access where there is a short-term constraint.

8

Comments: For NG to forecast a constraint on the network they would require accurate and timely capacity signals from users. Having the ability to amend bookings easily and more frequently would support this.

- c) Provide users with commercial certainty on network access.

9

Comments: In order to fulfil our 1 in 20 license obligation, certainty over capacity access is a priority.

Current volatile and unpredictable costs provide an issue in this area for users. Approval of the PS methodology would see a fairer approach to revenue collection. However, costs are significantly higher for our networks, therefore this places more onus on ensuring FCC numbers are accurate. Moving the FCC methodology to UNC should support this.

- d) Collect Transporter allowed revenue.

9

No comments.

- e) Enable new entrants, including new sources of gas and technologies, to easily and efficiently access the NTS.

10

Short-Term Issues

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

No