

By email

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20th February 2020

WWU response to National Grid Capacity Access Review: Strategy Consultation

Thank you for the opportunity to respond to this 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

WWU view 6.

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

The requirements should not be restricted to new entrants or to easy and efficient access to the market. All parties should have easy and efficient access to the market and the arrangements and rules should be easily comprehensible to entrants. Arrangements and rules should facilitate the most efficient use of Total System Capacity not just the most efficient access to the market

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

WWU view 6.

We agree that there are issues with the current regime. In particular, the rules around User Commitment stifles customers signaling capacity requirements. This can lead to inefficient hoarding of capacity or potentially customers not changing bookings in response to their customers' requirements and relying on "on the day" products.

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Q5b: Manage network access where there is a short-term constraint
WWU view 9

Q5c: Provide users with commercial certainty on network access
WWU view 8

This is an overall rating because requirements might be different in the short term compared to the longer term, for example we may be less concerned about the price of firm capacity for bookings in Y+7 compared to Y+1. We also note that different users would be likely to have different appetites for risk and certainty. We expect that Distribution Networks are probably more risk averse than some directly connected NTS consumers.

Q5d: Collect transporter allowed revenue
WWU view 8.

It is very important that customers are able to update capacity bookings in the most efficient way; current rules around User Commitment are imposing inefficiencies on customers. There is a risk that inaccurate forecasts of capacity bookings can lead to the risk of significant fluctuations in charges for customers due to within year price adjustments that National Grid is required to make to ensure that it does not over or under collect its allowed revenue.

Q5e Enable new entrants including new sources of gas and tech to easily and efficiently access the NTS
WWU view 6.

See previous comments – this function should apply to all parties not just entrants.

Q6 Any other comments regarding Q5 future functions

The Capacity Access Regime should facilitate the most efficient use of Total System Capacity not just efficient access to markets, including enabling Distribution Networks to adjust to changing demands on their networks to enable new sources of gas and technologies such as biomethane and supporting flexible generation.

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

There are issues around how we trade for example flex for pressure which isn't currently possible because of the application window being concurrent and fixed.

The application window opens and closes for some activities such as giving up capacity before National Grid publish final prices. A contract can only be made with a price, a volume and a delivery date and Users are being asked to make some decisions without knowing the price at which we are contracting.

Information and timescales around substitution processes need to be improved to ensure it is clear where impacts are likely to be and to allow more time for responses to

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be made. The current period to respond to a PARCA raised by another party is too short.

Significant areas of the capacity access arrangements are defined within methodology documents which sit outside UNC Modification processes and whilst there is a process for NG to consult on any changes NG will use its discretion on what updates are made. We first raised the issues around User Commitment in one such consultation in 2017 and to date there has been no sign that this is going to be addressed.

Yours sincerely,

Bethan Winter
Systems Operations Manager
Wales & West Utilities

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