

To all interested parties and stakeholders,

Email: connie.mckever@ofgem.gov.uk

Date: 4 April 2022

Consent granted to National Grid Gas plc under Special Condition 9.19.16 of the Gas Transporter licence to revise the System Management Principles Statement

This letter sets out our¹ consent for National Grid Gas plc ("NGG") to revise the System Management Principles Statement ("SMPS") in accordance with Special Condition 9.19.16 of NGG's Gas Transporter Licence (the "licence").²

Background

Special Condition 9.19.8 of the licence requires NGG to have in place at all times a SMPS, which sets out the principles and criteria by which NGG will determine the use of System Management Services in operating the National Transmission System (NTS). NGG must review its SMPS at least once in each Regulatory Year in accordance with 9.19.13, and consult with parties referred to in that condition. Within seven days following the consultation close, NGG must then submit to the Authority a report on the outcome of the review, including any consultation responses received and proposed revisions, representations or objections to the SMPS. NGG may only revise the SMPS with our consent pursuant to 9.19.16 of its licence.

Proposed amendments to the System Management Principles Statement

NGG has proposed to add wording to include references to their role as contingency gas procurer and to incorporate the new UNC obligations concerning the role, following the implementation of UNC Modification 0791 'Contingency Gas Procurement Arrangements when a Supplier Acts Under a Deed of Undertaking'.³

NGG has also expanded on the terms 'residual system balancer' by adding a definition, and clarified the term 'ANS' by including the expanded acronym ('Active Notification Services') to improve clarity.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document to refer to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² National Grid Gas plc, Gas Transporter Licence, Special Conditions:
<https://epr.ofgem.gov.uk/Content/Documents/National%20Grid%20Gas%20Plc%20-%20Special%20Conditions%20Consolidated%20-%20Current%20Version.pdf>

³ Authority Decision on UNC791 'Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking': <https://www.ofgem.gov.uk/publications/authority-decision-unc791-contingency-gas-procurement-arrangements-when-supplier-acts-under-deed-undertaking>

NGG consulted on its proposed changes to the SMPS from 7 February to 14 March 2022, and received one response to its consultation. The respondent did not specifically comment on the revisions proposed by NGG.⁴

We understand NGG's initial intention was to consult until 7 March 2022, but it made further amendments to the SMPS to accommodate the implementation of UNC791. As a result, NGG extended the consultation period to 14 March and informed interested parties about this change of process. NGG submitted the revised statement along with its consultation report and statement of the proposed revisions to the SMPS to us on 21 March 2022.

Our decision

We have reviewed the SMPS submitted to us on 21 March 2022 and in accordance with Special Condition 9.19.16, we consent to NGG making the proposed changes to the SMPS. These revisions will take effect immediately.

If you have any questions concerning this consent notice, please contact Connie McKeever at connie.mckeever@ofgem.gov.uk.

David O'Neill

Head of Gas Markets and Systems

For and on behalf of the Gas and Electricity Markets Authority

⁴ The response provided views on other mechanisms beyond the SMPS, including maintenance planning and the concept of booking close to flows and system operation to manage this. NGG highlighted that mechanisms like capacity overruns exist to incentivise the necessary behaviour, but we understand NGG is investigating further measures to manage this, and that NGG welcomed further discussions with the consultation respondent.