

National Grid Gas Plc; all those with an interest in capacity on the gas transmission system

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Dear Colleagues,

Statutory Consultation on the proposed addition of four new exit points to National Grid Gas Plc's (NTS) Gas Transporter Licence

Today, we¹ published a statutory consultation on proposing to modify Part E of Special Condition 9.13 (Capacity Requests, Baseline Capacity and Capacity Substitution) of National Grid Gas Plc's (NTS) Gas Transporter Licence (the "licence").²

Part E of Special Condition 9.13 of the licence is concerned with Zero Licence Baseline entry and exit capacity points, and the modification proposes to add "Grain North Power Station," "Hirwaun Power Station," "Progress Power Station" and "Millbrook Power Station" as new exit points to Appendix 2: Licence Baseline Exit Capacity in Part E of Special Condition 9.13.

Proposed change to National Grid Gas Plc's Gas Transporter Licence

On 14 June 2022, National Grid Gas Plc (NGG) requested to add "Grain North Power Station," "Hirwaun Power Station," "Progress Power Station" and "Millbrook Power Station" as new exit points to the licence.

Grain North Power Station is currently on the Zero Licence Baseline Exit Capacity Table, but as substitution of baseline capacity from existing donor sites has been requested at this

¹ The terms "we", "us" and "our" and "the Authority" are used to refer to the Gas and Electricity Markets Authority.

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

exit point, NGG has proposed the modification to add Grain North Power Station to Appendix 2: Licence Baseline Exit Capacity in Part E of Special Condition 9.13. In accordance with the licence, Grain North Power Station shall be removed from the Zero Licence Baseline Exit Capacity Table when this amendment to the licence is made.³

Appendix 2 in Part E of Special Condition 9.13 lists all the NTS exit points where exit capacity can be bought by shippers. NTS exit points must be listed in Appendix 2 to allow NGG to make baseline exit capacity available to NTS users. On 14 June 2022, NGG requested the following addition to Appendix 2 in Part E of Special Condition 9.13 of the licence:

NTS Exit Point	Type of Offtake	Baseline Capacity (GWh/d)
Grain North Power Station	Direct Connect (DC)	0
Hirwaun Power Station	DC	0
Progress Power Station	DC	0
Millbrook Power Station	DC	0

NGG is not requesting a funded incremental obligated capacity reopener⁴ for these exit points. We propose these exit points should be added to the licence to allow Grain North Power Station, Hirwaun Power Station, Progress Power Station and Millbrook Power Station to connect to the NTS. A revised version of Appendix 2 in Part E of Special Condition 9.13 is listed in Appendix 1 of the statutory consultation notice. We welcome the views of stakeholders on the inclusion of these new exit points.

Relevant Points

Article 18(4) of Gas Regulation (EC) No 715/2009⁵ requires us to decide whether any new exit points should be classified as 'relevant points' after consultation with Network Users.⁶ For relevant points, NGG is required to make information about technical, contracted and available capacity available to the public.

Paragraph 3.2(1)(a) of Chapter 3 of Annex 1 to Gas Regulation (EC) No 715/2009 provides that exit points connected to a single final customer are excluded from the definition of

³ In accordance with Special Condition 9.13.12(b).

⁴ Where additional investment is anticipated, the funded incremental obligated capacity Re-opener term provides a means of calculating the applicable additional funding allowances, in accordance with Special Condition 3.13.2 of NGG's gas transporter licence.

⁵ <https://www.legislation.gov.uk/eur/2009/715/annex/I> as amended by UKSI 2019/530 and incorporated in UK law in accordance with the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020.

⁶ 'Network User' means a customer or a potential customer of a transmission system operator, and transmission system operators themselves in so far as it is necessary for them to carry out their functions in relation to transmission.

relevant points. NGG has stated in its request that each proposed new exit point is connected to single, final customers. Therefore, we are in agreement with NGG's proposal that Grain North Power Station, Hirwaun Power Station, Progress Power Station and Millbrook Power Station should not be considered relevant exit points.

Consultation

Please send any views on the issues raised in this letter and the accompanying statutory consultation before or on 10 August 2022 to: Gas.TransmissionResponse@ofgem.gov.uk. Any responses to the consultation will be published on our website unless marked as confidential. You can ask for your response to be kept confidential and we will respect this subject to any obligations to disclose information, for example under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

If you would like your responses to be kept confidential, clearly mark your response to that effect and include the reasons for confidentiality.

If you have any questions regarding this letter or the statutory consultation, please contact Connie McKeever at connie.mckeever@ofgem.gov.uk.

Yours sincerely,

Charlotte Friel

Deputy Director - Market Operations and Signals

Duly authorised on behalf of the Gas and Electricity Markets Authority