

To all interested parties and stakeholders,

Email: Maryam.Khan@ofgem.gov.uk

Date: 5 September 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 amendments to the SMPS following the Authority’s decision to approve changes to the Entry Capacity Release (ECR) Methodology Statement.³ The specific change allows NGG to withdraw capacity from monthly and weekly auctions at the Milford Haven aggregated system entry point (ASEP) between 30th May and 31st October 2022.

NGG consulted on its proposed changes to the SMPS from 18 May 2022 to 15 June 2022, and received one response to its consultation. The respondent requested further clarification on the wording in the SMPS to reflect NGG’s commitment to also release capacity at the capability levels contained within the ECRM consultation joint response.⁴

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 ECR Decision Letter May 2022: https://www.ofgem.gov.uk/sites/default/files/2022-05/ECR_Methodology_Decision_May_2022_v2.pdf

⁴ NGG ECRM Joint Response: <https://www.nationalgrid.com/gas-transmission/document/139576/download>

NGG revised its statement to reflect the feedback received. It submitted the revised statement along with its consultation report and statement of the proposed revisions to the SMPS to us on 22 June 2022.

Our decision

We have reviewed the SMPS submitted to us on 22 June 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 get in touch at Maryam.Khan@ofgem.gov.uk.

Yours faithfully,

Maryam Khan

Head of GSO Regulation

For and on behalf of the Gas and Electricity Markets Authority