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for energy consumers

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Your Ref : 2022 – Tur Langton – ExCS
Email: bogdan.kowalewicz@ofgem.gov.uk

Date: 17 November 2022

Dear Paul,

Approval of National Grid Gas plc's ("NGG") proposal for exit capacity release and exit capacity substitution as set out in the Exit Capacity Substitution & Baseline Revision (ExCS) Notice in respect of the Tur Langton Distribution Network (DN) exit point.

Thank you for your letter dated 21 October 2022 outlining NGG's proposal to release remaining available NTS Exit (Flat) Capacity and to substitute NTS Non-Incremental Obligated Exit Capacity to Tur Langton DN Exit Point in accordance with Special Condition 9.13 (Capacity Requests, Baseline Capacity and Capacity Substitution) of NGG's gas transporter licence. We[1] have decided to approve this request.

Background

Special Condition 9.13 of your licence provides that NGG must request approval from the Authority for Entry and Exit Capacity Substitution. Exit Capacity Substitution is the process by which unsold baseline NTS Exit Capacity is moved from one or more NTS Exit Points (Donor Exit Points) to meet demand for new NTS Exit Capacity at another NTS Exit Point (Recipient Exit Point). Exit Capacity Substitution can avoid or defer the need for new investment to meet incremental capacity needs, and so help reduce the costs of gas transportation for gas customers.

The substitution proposal

Your letter sets out a proposal to substitute unsold NTS exit baseline capacity to Tur Langton DN Exit Point. This is in response to a request for 1,234,748 kWh/d from 1st October 2025 of Enduring Annual Exit (Flat) Capacity at Tur Langton DN Exit Point made in the July 2022 Exit capacity application window. In particular, you propose to substitute the volumes of capacity as set out in the table below.

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

Table 1: Substitution proposals

Recipient Point	Donor Points	Capacity donated (kWh/d)	Capacity received (kWh/d)	Exchange Rate[2]	Total Exchange Rate
Tur Langton	Alrewas (EM)	800,000	493,896	1.6198:1	1.6198:1
	Alrewas (WM)	1,200,000	740,852	1.6198:1	

The substitution will be effective from 1 October 2025, and will change the capacity baselines at the Donor and Recipient points as set out in Table 2.

Table 2: Baselines at Donor and Recipient Points

NTS Point	Type[3]	Recipient/ Donor	Current Baseline (kWh/d)	Proposed Baseline (kWh/d)	Remaining unsold capacity (kWh/d), as at 1 October 2025
Tur Langton	DN	Recipient	68,759,317	69,994,065	0
Alrewas (EM)	DN	Donor	139,912,893	139,112,893	31,647,268
Alrewas (EM)	DN	Donor	128,380,000	127,180,000	46,500,500

Our decision

In your letter you give evidence that you have made this proposal in accordance with your licence.[4] You have provided evidence of the network analysis you have carried out in the appendix to your letter. We are satisfied with the evidence submitted and we are content that the proposed Exit Capacity Substitution is consistent with your Exit Capacity Substitution and Revision Methodology Statement. The methodology aims to promote the economic and efficient development of the NTS, by seeking to minimise the amount of infrastructure investment to meet incremental demand for Exit Capacity.

We approve the proposal to substitute the capacity as set out in NGG's Exit Capacity Substitution and Baseline Revision Notice.

Yours sincerely,

Adrian Richardson
Head of Energy Security of Supply
For and on behalf of the Gas and Electricity Markets Authority

[2] The exchange rate is the ratio capacity is substituted between Recipient and Donor Points. Capacity cannot be substituted if the exchange rate is greater than 3:1
[3] This describes the type of offtake e.g. a Direct Connect (DC) or a Distribution Network (DN).
[4] Special Condition 9.13.

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