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Chris Logue
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Email: Gas.TransmissionResponse@ofgem.gov.uk

Date: 16 February 2024

Dear Chris,

Decision on National Gas Transmission plc ("NGT") request for modifications to the Exit Capacity Release Methodology Statement to be unaccompanied by a statement from an Independent Examiner

Thank you for your letter dated 13th December 2023 (the "letter") which asked us¹ to consent to you *not* providing a statement from an Independent Examiner² alongside the Exit Capacity Release Methodology Statement ("ExCR") that you intend to submit for approval by the Authority in accordance with Special Condition 9.18.10 of the NGT Transporter Licence ("the Licence").³

Special Condition 9.18.11(d) requires you to provide a statement from an Independent Examiner to accompany the methodology statements, unless we consent to you not providing the statement.

We have decided to consent to this request, and you will therefore not be required to submit said statement. Our reasons for doing so are detailed below.

¹ The terms "the Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this letter

² An Independent Examiner means a person nominated by and independent of the licensee with the skills and knowledge to undertake an examination

³ The link to the NGT Gas Transporter Licence is here: <https://www.ofgem.gov.uk/sites/default/files/2023-04/National%20Gas%20Transmission%20Plc%20-%20NTS%20-%20Consolidated%20Special%20Conditions%20-%20Current%20Version.pdf>

Background

Special Condition 9.18.10 of the licence provides that the licensee must, if so directed by the Authority, and in any event not less than once in every period of two regulatory years, review the capacity release methodology statements.

Special Condition 9.18.11(d) requires that before revising a methodology statement, the licensee must submit to Ofgem, alongside a report detailing the proposed revisions, a statement from an Independent Examiner:

- i. confirming that the Independent Examiner has carried out an examination, the scope and objectives of which were approved by Ofgem; and
- ii. giving an opinion on whether the capacity release methodology statement as revised would be consistent with the licensee's duties under the Gas Act 1986 and with the licensee's obligations under the Licence.

Special Condition 9.18.16 allows the licensee to apply to the Authority for a derogation relieving them of any of its obligations under condition 9.18, including the requirement to submit the above statement.

Proposed changes to the ExCR

In your letter, you stated that proposed changes do not make any material changes to the ExCR and are not substantive enough to warrant independent examination. The majority of the changes result from the separation of National Gas Transmission from National Grid, and the subsequent need to update references in a range of documents.⁴ The changes proposed in regard to the methodology statement are summarised below from the information you provided:

- The ExCR
 - Change references from "National Grid" to "National Gas Transmission" to reflect the sale of National Grid Gas plc including where contained in diagrams.
 - Updating website links and email addresses
 - Formatting alterations including updating paragraph numbers and footnote references.
 - Changes (such as capitalisation and hyphenation) of wording to correct spelling, improve clarity, readability and remove ambiguity throughout the document.

⁴ Eg, UNC837FT – Updating all UNC reference of "national Grid" to "National Gas Transmission" to reflect the sale of National Grid Gas plc.

Our decision

Having reviewed the proposed changes, we consider that they are minor changes and agree that they are not substantial, nor would they make material changes to the operation of the ExCR. The majority of the changes do consist of replacing “National Grid” with “National Gas”, with the remainder intended to improve clarity and readability of the document or correcting minor typographical errors.

On the basis of the above, we are approving the request from the licensee for a derogation from the requirements of Special Condition 9.18.11(d) for the upcoming submission of the ExCR and in any event until the end of the current gas year on 30 September 2024, as provided for by Special Condition 9.18.16. Should circumstances change, in particular, if the proposed modifications contain additional changes beyond those outlined in your letter, we may reconsider our decision to grant this derogation. For clarity, NGT will still be required to comply with Special Conditions 9.18.11(a), (b), and (c).

This decision should not be considered an approval of the proposed modifications to the ExCR, and only applies to the current review of the ExCR ending before 30 September 2024. Our decision on the modifications will be made with regard to the relevant facts and circumstances on submission, including any representations made through the consultation process.

In the update to our minded-to-direction on the Western Gas Networks Funded incremental obligated capacity Reopener,⁵ we directed NGT under Special Condition 9.18.10 to review their Entry and Exit Capacity Release Methodology Statements, giving consideration to the impacts of the ongoing PARCA process. We still expect NGT to undertake a more thorough review of the ExCR by April 2025, for which a statement from an Independent Examiner may be required.

This letter has been made available on our website. You can contact us at Gas.TransmissionResponse@Ofgem.gov.uk for further information on this decision.

Yours Sincerely,

William Duff
Head of Gas Systems and Operations

⁵ [Western Gas Network – Funded incremental obligated capacity Reopener \(FIOC\) Project Direction | Ofgem](#)