



Making a positive difference
for energy consumers

Malcolm Montgomery

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Date: 14 June 2024

Dear Malcolm

Decision on the Exit Capacity Release Methodology Statement (ExCR) (Special Condition 9.18 of National Gas Transmission plc ("NGT") Gas Transporter Licence¹ (the licence))

Thank you for submitting the proposed modifications to the ExCR to us² for approval on 23 April 2024.³ The proposed revisions were submitted in your consultation report.⁴

We have decided to approve the proposed revisions to the ExCR and we have outlined our reasons for doing so in this letter.

Revision of the ExCR in accordance with Special Condition 9.18 of the licence

Special Condition 9.18.10 of your licence provides that you must, if so directed by the Authority, and in any event not less than once in every period of two regulatory years, review the ExCR.

As part of this review, you have proposed to update the ExCR to reflect the sale of National Grid Gas plc. References to 'National Grid' have therefore been amended to 'National Gas' throughout the document including where contained in diagrams. In addition to changing the name within the text, the template for the document has also been updated to reflect the new branding and name change.

You also identified a need to improve the readability of the ExCR through more consistent formatting, spacing, punctuation, capitalisation, hyphenation, and the removal of

¹ The link to the NGT Gas Transporter Licence is here: [Licences and licence conditions | Ofgem](#)

² The terms "the Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this letter.

³ This includes NGT's consultation report.

⁴ The consultation with relevant stakeholders ran for four weeks and concluded on 27 March 2024. No representations were received. The proposed revisions (pursuant to Special Condition 9.18.11) are available at the following link: [Capacity methodology statements | National Gas](#)

typographical errors. Website links and email addresses have been updated, a defunct clause removed (and consequentially, paragraph numbers and cross-references updated), out of date references amended and clarificatory language added to paragraph 22.

Derogation

On 13 December 2023 you wrote to us requesting a derogation (pursuant to Special Condition 9.18.16) in respect of Special Condition 9.18.11(d), which requires you to provide 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.

That request was approved on 16 February 2024⁵ on the basis that the proposed changes are minor and would not make material changes to the operation of the ExCR.

Consultation

Special Condition 9.18.11(b) requires you to consult on the proposed revisions with interested parties for a period of not less than 28 days. In your consultation report, you explain that:

"National Gas Transmission invited all interested parties to comment on the potential revisions to the methodology statement through a formal consultation process that lasted for four weeks and concluded on the 27th of March 2024. This consultation was publicised to the energy industry through email via both the Energy Network Associations' and the Joint Office of Gas Governance's mailing lists, as well as being raised as additional business during the Joint Office's Transmission Workgroup in March 2024.

Upon the closure of the formal consultation period, National Gas Transmission had received no consultation responses. One query was received to the consultation clarifying the details of the proposed changes, which were explained in response, but without further follow up or comment, this organisation was deemed to be satisfied with the proposed changes."

In your letter dated 22 April 2024, you explained that as you received no consultation responses, no further changes or amendments were made to the version of the ExCR shared at the time of your request for a derogation.

Minor amendments

When comparing the updated version of the ExCR with the version currently in place, we noted some minor formatting issues and typographical errors. These anomalies include the removal of footnotes in chapter 8 of the ExCR and cross-references to incorrect paragraph numbers. We understand you have already taken steps to correct these errors that have arisen as a result of formatting changes. We ask that these amendments are noted in the ExCR's 'Version Control' table for clarity and completeness.

Approval of revisions to the ExCR in accordance with Special Condition 9.18.12(a)

Following consideration of the documentation you have provided pursuant to Special

⁵ [Decision on derogation request from NGT on the Exit Capacity Release Methodology Statement Ofgem](#)

Condition 9.18 of the licence and having regard to the Authority's statutory objectives and duties, we have decided to approve the proposed revisions to the ExCR subject to the required amendments as set out above.

Having revisited the proposed changes, we remain of the view that they are minor changes and would not make material changes to the operation of the ExCR. The majority of the changes 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.

Next steps

We note that Special Condition 9.18.11(c) requires you to submit your report to the Authority within 14 days of the consultation closing. We urge NGT to take care to observe relevant deadlines set out in the licence or seek a derogation where the deadlines cannot be met.

As set out in our letter dated 16 February 2024, we 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. We understand work is underway to review all 5 methodology statements and we look forward to hearing from you in regard to this.

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

Yours Sincerely

William Duff

Head of Gas Systems and Operations