

UNC Response File (IExCR)							
Index No.	Document	Section	Section #	Para	Response/Issue	NGT response	Proposed changes to IExCR
EON022	IExCR	1			Reference to C18 of Transco's NTS GT licence – condition appears not to be used.	Condition 18 is expected to be used to give effect to an IExCR in the Gas transporters licence. There is no added value in making a reference in the UNC to licence conditions that give effect to documents that are referenced by the UNC.	No change
SSE219	IExCR	2			The Statement makes reference to defined UNC terms throughout which is appropriate. We suggest that the Statement specifically acknowledges this. However some of the references used are inconsistent with defined UNC terms, for example Exit Capacity should be "NTS Exit Capacity", Offtake Capacity and Flow Flexibility should be as defined in TPD Section B.1.2.3.	Agreed	Drafting amended accordingly.
SSE220	IExCR	3			As drafted the Statement applies only to the release of all NTS Exit Capacity and not NTS Offtake Capacity. It is our understanding that if successful applications are made by the DN under Section B.6. its NTS Offtake Capacity holdings would be increased accordingly. Please could Transco clarify?	Para 7 identifies that release includes NTS Offtake Capacity	Drafting amended accordingly.
SSE221	IExCR	3			We are unclear how additional NTS Exit/Offtake Capacity released by Transco NTS would be incorporated into the baselines under the enduring arrangements.	This is a matter for licence and incentive development and would not form part of the UNC	No change
SSE222	IExCR	4			See comments regarding use of defined terms under 2.	Noted	No change
SSE223	IExCR	5			For clarity, should refer to Shipper Users.	Noted	No change
SSE224	IExCR	6			Capitalise exit capacity Should read "Standard Special" Condition - 4 times	Agreed	Drafting amended accordingly.
SSE226	IExCR	8			This is not a defined term. Needs to cover NTS Direct Connects and Inter-System Offtakes.	Reference unclear.	No change
SSE228	IExCR	10			This needs to distinguish between the different types of capacity at Inter-System Offtakes.	It is not clear why the different types of capacity should be treated on a different basis.	No change
SSE229	IExCR	11			This doesn't seem to allow for Transco to allocate a lower volume of capacity to that originally requested by the User. It also doesn't seem to incorporate evaluation of the costs vs revenues associated with releasing the incremental capacity.	Para B6.3.4 of the UNC identifies that NTS might accept in part an application. The economic test will include and assesment of potential costs and revenues.	No change
EON023	IExCR	12			Whilst we do not necessarily disagree with the concept, we do not understand why buy back of exit capacity is included in the interim arrangements. It does not facilitate the sale of the DNs and adds unnecessary complexity..Any tools used to facilitate buy back of NTS exit capacity ought to be consulted on alongside the UNC consultation to enable fully informed responses, we would therefore suggest consultation on the SMPS and Procurement Guidelines are run concurrently with the final 2 weeks of the UNC consultation. Nevertheless we still consider the UNC consultation to be unreasonably short.	Buy back of capacity needs to be developed for the interim to enable Users to offer to surrender exit capacity to NTS on an economical basis, in line with Ofgem requirements for the interim arrangements as stated in the FIA. We do not consider that a material change to the SMPS or Procurement Guidelines is necessitated by the availability of these tools and as such we do not propose to issue them for consultation. We do however, consider that they will need to be consulted upon when the enduring arrangements are implemented.	No change

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	SSE230	IExCR	12			Further detail is required of the "storage options".	NTS might choose to contract for storage, including LNG, where the inputs might better enable NTS to avoid constraints.	No change
	SSE227	IExCR	9-11, 13			There is no mention of the economic test that might be applied.	The economic test is not described in mechanical terms because the components of the test could change depending upon the circumstances in which it is to be applied.	No change
	SSE218	IExCR	general comment			We welcome this first draft IExCR, although we believe that it requires further redrafting and detail to clarify a number of points. We note that it will be subject to the outcome of Ofgem consultation into the interim exit incentive arrangements, which should provide clarity on the treatment of any costs/revenues associated with the release of incremental capacity, as well as confirmation of the incremental release process. Incremental exit capacity release would appear to be an ongoing process during the interim period. We understood that capacity release to DNs and NTS Direct Connects would be in accordance with the IExCR, yet there is no reference in this statement to TPD Section B.3.8, B3.9 or B6.3 which specifically provide for this process. There are inconsistencies with the drafting of TPD Section B.6.3, which only provides for the DNO to make applications for NTS Offtake Capacity for future Gas Years within the Application Window, whereas this document suggests that an application can be made at any time. It was our understanding that the latter is what was intended.	The UNC describes a process where we will allocate NTS Exit Capacity where feasible. The UNC describes the process that we will undertake to establish that feasibility. Para B6.3.2b enables an application to be made at any time including within a Gas Year.	No change
	UU537	IExCR	general comment			The procedures for allocating capacity products do not appear to stipulate how it would be allocated. The current wording suggests it may be on a first come first served basis. We would find this acceptable and it would be helpful if this interpretation could be clarified.	To the extent that applications are made in accordance with B6.3.2b then it would be treated on a first come first serve basis. Applications during the annual process for increases within the interim period will be considered on the basis of feasibility. That is a consideration of what demand can be satisfied in an economical manner. The most economical will be ranked first.	No change
	UU536	IExCR	general comment			With regard to the process of releasing incremental exit capacity services there is no explicit mention of assured pressures. In order to ensure that incremental capacity be of maximum value, such incremental capacity must be released on the basis of the prevailing assured pressures.	Agreed. The release process does not allow assured pressures to be amended.	No change
	SSE225	IExCR	page 2			Page 2 is entitled Procedure for allocating Capacity and Flow Flexibility in the Interim Period. Is this IExCR Statement therefore also covering provisions in J.7.3.2?	The IExCR considers the allocation of Capacity and Flow Flexibility on a forward basis and does not take into account within day applications as described in J.7.3.2	No change
	NPow006	IExCr				Paragraph 4 implies Shipper Users will not hold Flow Flexibility from 1/5/05 but that DNO Users will. How then will Transco NTS allocate requests from DNO Users in a efficient, economical and non discriminatory manner under paragraph 6 if Shipper Users are deemed not to have any (despite not obviously requiring it and using it in the interim period) ?	During the interim period direct connect shippers will have access to a bundled capacity and flow flexibility product on the same basis as occurs pre 1-May. The flexibility product will be required by DNOs and an efficient allocation will be achieved between such Users.	No change

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	NPow007	IExCr				What would happen if a Shipper User requested Flow Flexibility in the interim, as appears to be possible under 8 ?	Flow Flexibility is requested in accordance with the provisions of the UNC, which does not provide for the product to be available at NTS direct connects.	No change
	NPow008	IExCr				How has the NTS Exit Capacity and Flow Flexibility shown in the recently published Offtake Capacity statements been calculated and are these deemed to be baseline quantities?	The quantities in the recent Offtake Capacity Statements have been identified through the established planning process and are consistent with expected peak day requirements. They could be considered to be representative of a baseline level. However, there are a number of options for determining baselines for the enduring regime, which are currently subject to consultation.	No change
	NPow009	IExCr				Also the drafting needs tightening to make it clear what “exit capacity” “Exit Capacity” and “NTS Exit Capacity” (all of which are used in the document refer to.	Agreed.	Drafting amended accordingly.