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Re: Informal consultation on Special Condition C8D of National Grid Gas's National Transmission System (NTS) Gas Transporter licence with respect to the Entry Capacity Substitution obligation.

Dear Stuart,

National Grid Gas NTS (National Grid) welcomes the opportunity to respond to Ofgem's informal consultation on the proposed Licence changes to clarify the Entry Capacity Substitution obligation.

We support the thrust of the proposed Licence changes, which we believe improve the clarity of the Entry Capacity Substitution obligation and broadly brings the obligation into line with other Licence conditions. We appreciate the changes that have been made in response to the initial consultation.

We do however have a few remaining comments on the specific drafting of the proposed changes:

- 1) The cover letter and drafting refer to Schedule A: Special Condition C8D: Part C, 8. We believe that the reference should be to section 9 not section 8.
- 2) As we have commented previously, we consider that, in order to ensure consistency of interpretation, the amendments to paragraph 9 k(i) and 10 (c)(i) should be drafted using the same form of words as the drafting of other equivalent provisions of the licence. As such, we would suggest the following wording:

"the licensee's duties under the Act and the standard, Standard Special and Special Conditions".

The use of this form of words makes it clear that it is the licensee's duties under the Gas Act 1986, rather than other statutes, which are relevant to these provisions.

- 3) With regard to paragraph 10(c)(ii), we consider that the wording of this obligation would be made even clearer if the following formulation were to be adopted:

"which seeks to minimise the **costs reasonably expected to be** associated with **the release of** funded incremental obligated entry capacity, taking into account the entry capacity that shippers have indicated **that** they will require in the future through **making a** financial commitment to the licensee." **[revised text in bold]**

If you have any queries with regard to our comments please do not hesitate to contact me.

Regards

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