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for energy consumers

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Your Ref:
Our Ref:
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Date: 2 May 2013

Dear Andrew,

Entry Capacity Substitution Methodology Statement: Accompanying Statement

Thank you for your letter of 2 April 2013 asking to be released from the requirement in Special Condition 9A.7 of your gas transporter licence to provide an Independent Examiner Statement alongside the Entry Capacity Substitution (ECS) Methodology Statement (the "ECS") for 2013/14.

In your letter, you explain that no significant changes will be made to the ECS methodology this year, and that changes are likely to be limited to those necessary to ensure consistency with the new licence conditions introduced under RIIIO-T1. You note that since the ECS has been in place (December 2009), you have received only one request for incremental capacity; you also say that in the March 2013 QSEC auction, there was insufficient demand to trigger the release of Incremental Obligated Entry Capacity.¹ Consequently, you consider that an examination of the ECS methodology will provide little or no benefit to Ofgem, NGG or the wider industry.

We have carefully considered your request and have decided to grant you consent not to provide an Independent Examiner Statement pursuant to Special Condition 9A.7 in this instance. We agree that an Independent Examiner Statement based on the evidence available to date would provide little valuable additional information regarding compliance with your duties under the gas transporter licence and the Gas Act 1986.

Please find the consent attached to this letter. Both documents are available on our website.

Yours sincerely,

Andrew Burgess

Associate Partner, Transmission and Distribution Policy

¹ As defined in Special Condition 1A (Definitions) of NGG's gas transporter licence.