



Making a positive difference
for energy consumers

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Date: 15 January 2015

Dear Mr Dyke

Consent to National Grid Gas Transmission's (NGGT's) Proposal to substitute Baseline National Transmission System (NTS) Exit (Flat) Capacity

Thank you for the Exit Capacity Notice of 28 November 2014 outlining NGGT's proposal to substitute NTS Exit (Flat) Capacity¹. We² received this letter on 28 November 2014, and are replying to you now to confirm our approval and acknowledge the changes as explained below.

Exit capacity substitution is the process by which unsold baseline NTS exit capacity is moved from one or more NTS exit points (donor exit points) to meet demand for new NTS exit capacity at another NTS exit point (recipient exit point). Exit capacity substitution can avoid or defer the need for new investment to meet incremental capacity needs, and so can help reduce the costs of gas transportation for gas customers.

You have told us that two requests were made at the Annual Application Window in September 2014 for Enduring Annual NTS Exit (Flat) Capacity in excess of the prevailing baselines at the NTS Exit Points Yelverton and Mickle Trafford. You received requests for an additional 8,328,900 kWh/d at Yelverton and 129,411 kWh/d at Mickle Trafford. You propose to meet these requests by substituting unsold NTS Baseline Exit (Flat) Capacity, from Tatsfield NTS exit point for the former, and from a combination of ICI Runcorn, Weston Point and Rocksavage NTS exit points for the latter (see Annex 1 of this letter).

Your letter and its appendix, gives evidence that you reached this proposal in accordance with the Licence. We are satisfied that the proposed exit capacity substitution is consistent with your Exit Capacity Substitution Methodology³. The methodology aims to promote the economic and efficient development of the NTS, by seeking to minimise the amount of infrastructure investment to meet incremental demand for exit capacity.

Yours sincerely

Andy Burgess
Associate Partner, Transmission and Distribution Policy

¹ All capitalised terms not otherwise defined in this letter have the meaning given to such terms in the NGGT Gas Transporter Licence (the Licence).

² The terms "we" and "our" are used to refer to the Gas and Electricity Markets Authority.

³ Please find this methodology on National Grid's website: <http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Exit-Capacity-Substitution-and-Revision-Methodology-Statement/>.

ANNEX 1 – Approval of proposed exit flat capacity substitution

Recipient NTS Exit Point	Donor NTS Exit Point	Capacity Substituted from Donor (kWh/d)	Exchange Rate Donor:Recipient (rounded)	Substitution date
YELVERTONOT	TATSFIELDOT	8,230,938	0.988:1	01-Oct-17
MICKLETRAFDOT	ICIRUNCORNIND	16,641	1:1	01-Oct-17
MICKLETRAFDOT	WESTONPOINTOT	40,128	1:1	01-Oct-17
MICKLETRAFDOT	ROCKSAVAGEPS	72,642	1:1	01-Oct-17

Approved baseline Modification Proposal

NTS Exit Point	Recipient/ Donor	Current Baseline (kWh/d)	Proposed Baseline (kWh/d)
YELVERTONOT	Recipient	64,610,000	Until Sep 2017: 64,610,000 from October 2017: 72,938,900
TATSFIELDOT	Donor	Until Sep 2017: 276,460,000 from October 2017 ⁴ : 229,973,021	Until Sep 2017: 276,460,000 from October 2017 ⁵ : 221,742,083
MICKLETRAFDOT	Recipient	29,080,000	Until Sep 2017: 29,080,000 from October 2017: 29,209,411
ICIRUNCORNIND	Donor	11,700,000	Until Sep 2017: 11,700,000 from October 2017: 11,683,359
WESTONPOINTOT	Donor	30,640,000	Until Sep 2017: 30,640,000 from October 2017: 30,599,872
ROCKSAVAGEPS	Donor	40,840,000	Until Sep 2017: 40,840,000 from October 2017: 40,767,358

⁴ Baseline reductions in 2017 are due to the previous substitution of Baseline NTS Exit (Flat) Capacity to Damhead Creek. <https://www.ofgem.gov.uk/ofgem-publications/53282/damhead-creek-substitution.pdf>

⁵ Baseline reductions in 2017 are due to the combined effect of the previous substitution of Baseline NTS Exit (Flat) Capacity to Damhead Creek and the current proposal of substitution to Yelverton, both coming into effect from October 2017.