

The Company Secretary
National Grid Gas plc
1-3 Strand
London
WC2N 5EH

Consent given to National Grid Gas plc by the Gas and Electricity Markets Authority pursuant to Special Condition 9A.7 of the gas transporter licence in respect of the national transmission system

1. This Consent is given by the Gas and Electricity Markets Authority (the "Authority") pursuant to Special Condition 9A.7 of the gas transporter licence in respect of the national transmission system (the "Licence") granted or treated as granted under section 7 of the Gas Act 1986 (the "Act") to National Grid Gas plc (the "Licensee").
2. Special Condition 9A.6 of the Licence provides that the Licensee must, if so directed by the Authority, and in any event at least once in every two years, review the current methodologies and Capacity Methodology Statements in consultation with specific parties and then seek to make such modifications to the methodologies and Capacity Methodology Statements as it considers reasonably necessary to better facilitate achievement of the capacity objectives.
3. Special Condition 9A.7 of the Licence provides that, unless the Authority otherwise consents in writing, the methodologies and Capacity Methodology Statements must be accompanied by a statement from an Independent Examiner, confirming that they have carried out an Examination, the scope and objectives of which must have been established by the Licensee and approved by the Authority and giving an opinion as to the extent to which the Licensee has developed a methodology that is consistent with its duties under the Gas Act and its obligations under the Licence.
4. In its letter dated 22 August 2016 the Licensee requested that the Authority consents under that Special Condition 9A.7 to the Licensee submitting the Entry Capacity Substitution and Exit Capacity Substitution and Revision Methodology Statements updated to adjust the lead times for the release of substitutable capacity unaccompanied by a statement from an Independent Examiner. That letter set out the reasons for that request.
5. The considerations and reasons for the Authority's decision are set out below, in accordance with the requirements of the Gas Act 1986 section 38A(1)(c):
 - a. We understand no material changes will be proposed as part of this review.
 - b. On this basis we agree that little additional benefit would be gained from receiving a statement from an Independent Examiner at this time.

- c. Since its implementation, capacity substitution has been used to meet demand for additional entry and exit capacity. This has benefited consumers by avoiding the need for new NTS investment.
 - d. We are content for the Statements to be reviewed this year to make sure they allow the capacity substitution processes to operate as efficiently as possible. Changes successfully proposed to the Statements would then apply to any capacity requests made through PARCAs or the long term allocation mechanisms.
6. The Authority hereby consents to the Licensee submitting the Entry Capacity Substitution and Exit Capacity Substitution and Revision Methodology Statements to adjust the lead times for the release of substitutable capacity unaccompanied by an Independent Examiner's Statement in accordance with Special Condition 9A.7 of the Licence.
7. Note that should circumstances change in the future we may reconsider our consent, in particular if the proposed modifications to the methodologies or Statement actually submitted contain additional and unanticipated changes beyond those to the substitution lead times.

Dated: 15 September 2016

Frances Warburton

Partner, Energy Systems Integration

Signed on behalf of the Authority and authorised for that purpose by the Authority