



Making a positive difference
for energy consumers

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Your Ref : 2020 – Staythorpe Power
Station- ExCS-Formal Notice

Email: max.lambert@ofgem.gov.uk

Date: 25 September 2020

Dear Paul,

Approval of National Grid Gas plc's ("NGG") proposal for exit capacity release and exit capacity substitution as set out in the Planning and Advanced Reservation of Capacity Agreement Exit Substitution & Baseline Revision (PARCA ExCS) Formal Notice in respect of Staythorpe Direct Connect (DC) National Transmission System ("NTS") Exit Point

Thank you for your letter received on 1 September 2020 outlining NGG's proposal to release remaining available NTS Exit (Flat) Capacity and to substitute NTS Non-Incremental Obligated Exit Capacity to Staythorpe DC Exit Point in accordance with Special Condition 5G (Determination of Incremental Obligated Exit Capacity volumes and the appropriate revenue drivers to apply) of NGG's gas transporter licence. We¹ have decided to approve this request.

Background

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 help reduce the costs of gas transportation for gas customers.

The substitution proposal

Your letter sets out a proposal to substitute unsold NTS exit baseline capacity to Staythorpe DC Exit Point. This is in response to a request for 82,000,000 kWh/d from 1st January 2021 of Enduring Annual Exit (Flat) Capacity at Staythorpe DC Exit Point made in the PARCA application on 9 April 2018. In particular, you propose to substitute the volumes of capacity as set out in the table below.

¹ The terms "we", "us" and "our" are used to refer to the Gas and Electricity Markets Authority.

Table 1: Substitution proposals

Recipient Point	Donor Points	Capacity donated (kWh/d)	Capacity received (kWh/d)	Exchange Rate ²	Total Exchange Rate
Staythorpe	Silk Willoughby	1,070,148	1,349,996	0.7927:1	1.46415:1
	Peterborough Power Station	20,480,000	14,809,979	1.3829:1	
	Tatsfield	7,826,972	5,766,692	1.3573:1	
	Farningham B	37,509,029	25,198,333	1.4886:1	
	Farningham	48,496,593	32,814,167	1.4779:1	
	Shorne	4,710,000	2,060,833	2.2855:1	

The substitution will be effective from 1 April 2023, and will change the capacity baselines at the Donor and Recipient points as set out in Table 2.

Table 2: Baselines at Donor and Recipient Points

NTS Point	Type ³	Recipient/Donor	Current Baseline (kWh/d)	Proposed Baseline (kWh/d)	Remaining unsold capacity (kWh/d)
Staythorpe	DC	Recipient	0	164,000,000	0
Silk Willoughby	DN	Donor	3,530,000	2,459,852	0
Peterborough Power Station	DC	Donor	23,280,000	2,800,000	0
Tatsfield	DN	Donor	200,601,605 ⁴	192,774,633	0
Farningham B	DN	Donor	117,883,000	80,373,971	0
Farningham	DN	Donor	135,120,000	86,623,407	0
Shorne	DN	Donor	67,060,000*	59,586,107*	39,760,000*

Our decision

In your letter you give evidence that you have made this proposal in accordance with your licence.⁵ We are content that the proposed Exit Capacity Substitution is consistent with your Exit Capacity Substitution and Revision Methodology Statement. 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.

We approve the proposal to substitute the capacity as set out in NGG's Exit Capacity Substitution and Baseline Revision Notice.

Yours sincerely,

David O'Neill
Head of Gas Systems

For and on behalf of the Gas and Electricity Markets Authority

² The exchange rate is the ratio capacity is substituted between Recipient and Donor Points. Capacity cannot be substituted if the exchange rate is greater than 3:1

³ This describes the type of offtake e.g. a Direct Connect (DC) or a Distribution Network (DN).

⁴ Reduced by 21,140,478 kWh/d for Tilbury Marshes PARCA from October 2022.

⁵ Special Condition 5G.

* Reduces by 2,763,893 kWh/d for Grain North PARCA from October 2021. This does not reflect activity during the 2020 Annual Application Window.