



Making a positive difference  
for energy consumers

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Date: 27 April 2017

Dear Angharad

**Consent granted to National Grid Gas plc under Special Condition 8A.22 of the Gas Transporter Licence to revise its System Management Principles Statement**

We<sup>1</sup> consent to you revising the System Management Principles Statement (SMPS) in accordance with Special Condition (SC) 8A.22 of your Gas Transporter licence. Our reasons for doing so are explained below.

SC 8A.9 of the Gas Transporter Licence requires National Grid Gas plc (NGG) to have in place at all times a SMPS. The purpose of the SMPS is to set out the principles and criteria by which NGG will determine the use of System Management Services.

SC 8A.19 requires that NGG review its SMPS at least once in each Formula Year. NGG must consult with interested parties and then submit to the Authority a report on the outcome of the review, any consultation responses received and proposed revisions to the SMPS. NGG may only make revisions to the SMPS with our consent.

You consulted on changes to the SMPS on 27 February 2017. There were two material changes you proposed to the SMPS:

- revising Part B Section 5 'Information Provision' to allow more flexibility in what will be posted under REMIT, as the 'urgent market messages' may not always be capacity based
- additional text setting out the system management tools NGGT can use in Part C Sections 1 and 3.2.

One response was received to the consultation. The respondent noted that one of the system management tools set out in Part C Sections 1 and 3.2 "Restrict the quantity of daily NTS Entry and/ or Exit capacity made available" only applies to entry capacity. The respondent stated that the Entry Capacity Release Methodology Statement contains provisions that allow NGG to withhold Daily System Entry Capacity. However, no similar provisions exist in the Exit Capacity Release Methodology Statement which allows the withholding of Daily Exit System Capacity.

In accordance with SC 8A.21 you submitted the revised statement to us on 31 March 2017 along with a report on the outcome of the consultation, a statement of the proposed

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<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document to refer to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA

revisions to the SMPS and the response received to the consultation. The SMPS submitted to us included changes which addressed the points raised in the consultation response. All other changes to the SMPS remained the same as the version consulted on the 27 February 2017.

We have reviewed the SMPS submitted to us and are content with the changes you propose to it. They better explain which system management tools you have in place to assist in the operation of the NTS. In accordance with SC 8A.22, we consent to NGG making the proposed revisions. These revisions will take effect from 1 April 2017.

If you have any questions concerning this Consent, please contact my colleague Bogdan Kowalewicz on bogdan.kowalewicz@ofgem.gov.uk or 020 7901 7293.

Yours faithfully

Chris Brown  
Head of Gas Systems  
**For and on behalf of the Gas and Electricity Markets Authority**