

National Grid Gas plc, all those with an interest in capacity on the gas transmission system

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Date: 9 August 2019

Dear Colleague,

Statutory consultation on the proposed modification of National Grid Gas plc's gas transporter licence to: (a) allow new entry and exit points with zero baseline capacity to be maintained in tables outside the Licence; and (b) make changes to the consultation process required by Article 18(4) of EU Gas Regulations for new zero baseline capacity points.

We¹ published an informal consultation² on proposed modifications to National Grid Gas plc's (NGG) gas transporter licence ("the Licence")³ on 3 June 2019. It invited views on proposed changes to the Licence in respect of the process for adding new NTS points with zero baseline capacity. The informal consultation also invited views on our proposal that NGG should be responsible for conducting the consultation required under Article 18(4) of the EU Gas Regulations⁴ for all new zero baseline capacity points. Ofgem will continue to produce a decision following the conclusion of this consultation process.

This letter summarises responses to that informal consultation and our views. Having carefully considered these comments, we are now publishing a statutory consultation on proposed modifications to NGG's gas transporter licence.

Respondents' views

We received two responses to our informal consultation. Neither of the responses were marked as confidential and have been published on our website.

One respondent was supportive of the proposed changes. They highlighted some formatting and paragraph numbering errors in the licence text which have now been corrected.

One respondent suggested that the proposed changes should not be implemented due to current uncertainties surrounding capacity release. The respondent stated that the

¹ The use of "we", "us" and "our" refers to the Authority. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

² Informal consultation on modifications of National Grid Gas plc's gas transporter licence: <https://www.ofgem.gov.uk/publications-and-updates/informal-consultation-modifications-national-grid-gas-plc-s-gas-transporter-licence-treatment-new-entry-and-exit-points-zero-baseline-capacity>

³ National Grid Gas plc (NTS), Gas Transporter Licence, Special Conditions: https://epr.ofgem.gov.uk/Content/Documents/National%20Grid%20Gas%20Plc%20-%20Special%20Conditions%20Consolidated%20-%20Current%20Version.pdf?utm_source=ofgem&utm_medium=&utm_term=&utm_content=licencecondition&utm_campaign=epr

⁴ Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>

proposals should not be implemented until clarity has been provided on a number of issues, outlined in their response, relating to capacity release.

The licence changes that we are proposing solely relate to the recording of new Entry and Exit points with Zero Baseline Capacity. The licence changes do not have any impact on capacity release. We therefore do not agree that there are any grounds for deferring these proposed changes.

Consultation

We are inviting views on the proposed modifications to National Grid Gas plc's gas transporter licence set out in the accompanying Notice. Please provide your views, by email, to Jonathan.Coe@ofgem.gov.uk by 6 September 2019.

Any responses to the consultation will be placed on our website unless marked as confidential. You can ask for your response to be kept confidential and we will respect this subject to any obligations to disclose information, for example under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

If you would like your responses to be kept confidential, clearly mark the document to that effect and include the reasons for confidentiality.

If you have any queries regarding this letter, please contact Jonathan Coe by using the email address or phone number above.

Yours faithfully,

David O'Neill, Head of gas systems.

For and on behalf of the Gas and Electricity Markets Authority