

The Joint Office, Relevant Shippers,
Gas Transporters, and other interested parties

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Transmission Planning Code Review 2014

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Dear Colleague

National Grid Gas plc ("National Grid") in its role as holder of the Gas Transporter Licence in respect of the NTS (the "Licence") invites views in respect of the review, engagement and consultation process, for the Gas Transportation Transmission Planning Code¹ ("TPC"). The TPC first came into force on 1st October 2008. Under Special Condition 7B of the Licence, National Grid has an obligation to periodically review and consult externally on the TPC.

The TPC covers three Licence requirements, namely:

1. a description of the main material technical factors that affect the planning and development of the National Transmission System ("NTS"),
2. a methodology to determine the physical capability of the NTS taking into account the "1-in-20" Network Security Standard,
3. our assumptions on likely developments in the patterns and levels of gas supply and demand on the NTS, and assumptions as to the operation of the NTS under different gas supply and demand scenarios.

National Grid must review the TPC periodically (at least every 2 years). The last revision was completed on 1st October 2012 and therefore it is timely that we complete this review.

As part of the 2014 review we propose to review the application of the "1-in-20" Gas Security Standard², as defined by Licence Standard Special Condition A9: Pipe-Line System Security Standards, and other planning and Licence obligations taking into account recent industry developments as outlined below;

1. RIIO-T1³ and the introduction of the Generic Revenue Driver Methodology⁴
2. Planning and Advanced Reservation of Capacity Agreements (PARCAs)⁵

¹ <http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/Gas-Ten-Year-Statement/Transmission-Planning-Code/>

² <https://epr.ofgem.gov.uk/Content/Documents/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current%20Version.pdf>

³ RIIO-T1 is Ofgem's Price Control arrangements for National Grid's Transmission business effective from April 2013 to March 2021. For further information on National Grid's Gas Transmission Business Plan please visit

<http://talkingnetworkstx.com/gastransmissionplan/default.aspx>

⁴ National Grid's Generic Revenue Driver Methodology determines any additional revenue allowances relating to the release of Funded Incremental Obligated Entry Capacity and Funded Incremental Obligated Exit Capacity. For further information please visit

<http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/GRD-Methodology-Statement/>

⁵ The Planning and Advanced Reservation of Capacity Agreements (PARCAs) as defined in UNC Modifications 0452V and 0456V, and subject to Ofgem's decision on these Modifications, set out National Grid's proposed approach to long term Gas Access arrangements within the Gas Transmission commercial and regulatory frameworks. For further information please visit

<http://www.gasgovernance.co.uk/0452> and <http://www.gasgovernance.co.uk/0465>

3. Changes associated with Uniform Network Code modifications, capacity methodologies, European Union (“EU”) codes and EU Third Energy Package related Directives

We will also review any other issues identified in response to this letter and through other industry engagement.

We will present an overview of the TPC and the 2014 TPC review plan during the UNC Offtake Arrangements Workgroup on 26th March 2014⁶ and the Transmission Workgroup on 4th April 2014⁷. We hope you will be able to attend one or both of these meetings to feed in your views and ideas.

We will provide updates on progress of the review at subsequent UNC workgroups. Your views are also invited on whether a dedicated industry workshop or meeting is required to support this review. If there is insufficient interest in a dedicated industry workshop, we will offer individual meetings using a variety of options including but not limited to teleconference, live-meeting etc...

As part of the 2012 review of the TPC we included the impact of the Industrial Emissions Directive (“IED”) on the planning process. The TPC clarifies the process by which National Grid develops options which we can consider to meet the requirements of IED. We will shortly be announcing further industry engagement on our proposed NTS Compressor Strategy, taking into account the impact of the IED. This will be a follow up to our Talking Network sessions carried out through the RIIO-T1 process. We plan to include an overview of the TPC and an update on the 2014 TPC review in our compressor strategy engagement events.

We would welcome your views and suggestions on:

- how our customer and stakeholder engagement can be improved,
- the levels of engagement that you would like to see, and
- how engagement could be further facilitated.

If you have any queries regarding the Transmission Planning Code Review for 2014, would like to submit an issue for review, or provide feedback on our engagement processes, please contact me by e-mail at richard.hounslea@nationalgrid.com, by telephone on 01926 655518, or by post at:

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Queries may also be sent by e-mail to ntsinvestment@nationalgrid.com. Please copy to richard.hounslea@nationalgrid.com and request a “read receipt” to confirm delivery. Finally, queries can also be directed to Edward Blackburn by email at eddie.j.blackburn@nationalgrid.com or by telephone on 01926 656022.

Yours sincerely,

Richard Hounslea

⁶ <http://www.gasgovernance.co.uk/OA>

⁷ <http://www.gasgovernance.co.uk/tx>