

Generic Revenue Driver Methodology - Review

NTS CMF Workshop
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Introduction

- **National Grid Transmission put in place the Generic Revenue Driver Methodology (GRDM) as per Special Condition 9C of the Licence on 1st November 2013**
 - GRDM - Methodology to determine any additional revenue allowances (“Revenue Drivers”) relating to the release of funded Incremental Obligated Entry and Exit Capacity

- **The methodology should be reviewed every two years including consultation with interested parties**
 - The reviewed methodology must be approved by authority for publication by 1st November 2015

GRDM Review

- **The GRDM has not been used to-date**
 - All additional capacity has been released via substitution and hence without Revenue Driver funding
- **The methodology is consistent with current Capacity Reservation arrangements**
 - i.e. Planning and Advanced Reservation of Capacity Arrangement (PARCA) and other Exit and Entry Capacity release methodologies
 - There have not been any changes in the commercial arrangements which would lead us to make any material changes in the methodology
- **We have taken the opportunity to add further explanation and clarity to the statement**
 - No change in the actual methodology

As we have not used the methodology or proposed material changes, we have asked for a derogation on an independent examination.

Overview- Changes Proposed

Change Number	Methodology Paragraph Number	Amendment to (as per v 1.2 draft) as compared to v 1 2013 approved	Comments
1	6	Updated the address: http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/	Updated the address for the electronic version of the document
2	17	Added text and Updated Table heading to "Planning Process Stages for DCO"	Updated so as to make it easier to understand
3	26	Updated text from "sufficient" to "required". Also added reference to Paragraph 17.	Updated as per comments in OFGEM approval letter (October 2013) to further explain the data requirement
4	31	Updated to explain further the timing of revenue driver setting.	Updated as per comments in OFGEM approval letter (October 2013)
5	42	Deleted paragraph 42. This will be included in the Entry Capacity Release Methodology and Entry Capacity Release Methodology. This resulted in changes in the numbering of all the subsequent paragraphs.	Updated as per comments on OFGEM approval letter (October 2013)
6	50, 51	Updated to reference to "Gas" Ten year statement	
7	65	Added reference to paragraph 17 (planning stages for DCO)	Updated so as to make it easier to understand
8	67, 69, 71,	Some formatting amendments	some typographic updates
10	Appendix B, Table 3	Updated ASEP names.	Updated to clarify and make it easier to understand

Consultation

- We would appreciate comments on the proposed methodology statement
- Please send your response on the GRDM review to Vikas Garg by Friday 14th August 2015 via any of the following methods;
 - e-mail: vikas.garg@nationalgrid.com
 - Post: Vikas Garg
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Consultation Closing Date Friday 14th August 2015