

Industry update from Ofgem – 3 February 2015

Designation of National Grid Gas plc as the “forecasting party” for the GB balancing zone as required for compliance with the Network Code on Gas Balancing of Transmission Networks and approval of UNC489. Our decision to designate National Grid Gas plc as the “forecasting party” and approve UNC489, may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/designation-national-grid-gas-plc-%E2%80%9Cforecasting-party%E2%80%9D-gb-balancing-zone-required-compliance-network-code-gas-balancing-transmission-networks-and-approval-unc489>

Gas Transmission Charging Review: Part II - our assessment of potential impacts. We published our policy position on future charging arrangements on 12 December 2014, marking the beginning of our consultation on these changes. This sets out in more detail the background to our review and poses specific consultation questions. It also includes our initial assessment of the potential impact of our proposals on transportation charges and security of supply, and potential distributional effects. It is provided to assist our stakeholders in considering the impacts and formulate their response to the consultation closing on 27 March 2015. It may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/gas-transmission-charging-review-part-ii-our-assessment-potential-impacts>

Agreement on NGGT’s proposed approach for incremental capacity at the March 2015 QSEC auction. The letter in which we agree with NGGT's approach to apply PARCA arrangements to the March 2015 QSEC auction and so consequently not offer funded incremental capacity, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/agreement-nggt%E2%80%99s-proposed-approach-incremental-capacity-march-2015-qsec-auction>

Decision on proposed changes to the Network Innovation Competition and Network Innovation Allowance Governance Documents. This letter explaining our decision regarding minor changes to the governance arrangements for parts of the RIIO Innovation Stimulus, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-changes-network-innovation-competition-and-network-innovation-allowance-governance-documents>

Approval of Exit Capacity Substitution to Yelverton and Mickle Trafford. This letter approves NGGT’s substitution proposal to meet the signals for incremental capacity at NTS Exit Points Yelverton and Mickle Trafford through substitution of unsold NTS Baseline Exit (Flat) Capacity, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/approval-exit-capacity-substitution-yelverton-and-mickle-trafford>

Network Innovation Competition - Project Direction - Inline Robotic Inspection. The direction setting the conditions of funding for National Grid Gas Transmission's Project - Inline Robotic Inspection of High Pressure Installations may be found at the

following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-project-direction-inline-robotic-inspection>

Gas Network Innovation Competition Funding Direction 2014. The funding direction setting out the amounts to be raised through NTS Transportation Owner Charges in 2015/16 to cover the cost of this year's successful project, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/gas-network-innovation-competition-funding-direction-2014>

Consultation on the assessment of benefits from the roll-out of proven innovations through the Innovation Roll-out Mechanism (IRM). The consultation letter requesting transmission and distribution licensees and other interested parties, to consider how licensees should quantify, with a high degree of certainty, the benefits of rolling out a proven innovation under the IRM, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/consultation-assessment-benefits-roll-out-proven-innovations-through-innovation-roll-out-mechanism>

Approval of Interconnector (UK)'s access rules and charging methodology. The letter and the annexed directions setting out our approval of proposals for access rules and a charging methodology for a new contractual framework and proposed amendments to the existing long-term contracts, submitted by Interconnector (UK), may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/approval-interconnector-uks-access-rules-and-charging-methodology>

Minutes and presentations from the 16th DECC-Ofgem European Stakeholder Group for Gas. The minutes and presentations from the 16th DECC-Ofgem European Stakeholder Group for Gas, which took place on the 12th of December 2014, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/minutes-and-presentations-16th-decc-ofgem-european-stakeholder-group-gas>