

ScottishPower

energy management

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Dear Andrew,

The following is the Scottish Power response to National Grid's Consultation on **"The Entry Capacity Substitution Methodology Statement"**

We would first thank National Grid for the publication of this document. Also for the clarification on how the process should work. We appreciate on this occasion that the consultation is closing prior to the raising of any modifications. It would have been preferable to see the drafting of the licence obligation first, however.

We have already expressed our opinions on the proposed capacity trades and transfers. We believe that capacity should not be able to be moved away from an entry point where already not enough capacity is available to meet demand. Our understanding is that substitution methodology only applies to the Long Term auctions and only applies to unsold capacity.

The current economic test requirements for incremental investment are transparent. However, we believe the methodology outlined could help avoid unnecessary investment and make more efficient use of existing infrastructure.

We have concerns over the zones – the grouping of ASEPs is assumed to have a strong basis on physical flows, but we would like more transparency on that. We have maintained that the storage ASEP at Easington should be separate from the import facility there in terms of making capacity available. The mix of storage, LNG and other import terminals in some zones makes the transfer and substitution processes more or less reasonable.

We think that the movement of capacity between import terminal ASEPs and transfers between storage sites (where unsold capacity remains) makes far more sense.

Should you have any queries on the views expressed please contact me on the telephone number as shown.

Yours Sincerely,



Commercial & Regulation Manager (Gas)
Scottish Power Energy Wholesale