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Chris Logue
Head of Markets, National Grid

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Shell Energy Europe Limited (SEEL) response to National Gas Transmission's (NGT) Consultation on ECS, ExCS and ECTT Methodology Statements and Reconsultation on ECR Methodology Statement

Dear Chris

SEEL welcomes the work carried out by NGT to amend the original proposal from restricting the release of entry capacity at the Milford Haven ASEP in the period between 1 May – 30 September 2023 to better align the proposed restrictions with outages impacting Easington.

Compared to a blanket restriction of Milford Haven capacity this summer, more closely aligning both volumes and timelines with the Norwegian maintenance period could achieve a more economic and efficient solution and minimise the negative effects on GB consumers and the wider market by reducing barriers to LNG deliveries to GB this summer.

However, should the latest amendments be implemented, a significant barrier to LNG deliveries remains this summer owing to the potential for Milford Haven entry capacity availability to change at short notice on the back of potential changes to GASSCO maintenance plans. If capacity availability cannot be relied upon then LNG shippers face an unmanageable risk of shipping LNG to the UK market, only for the capacity to be unavailable when needed.

A more workable solution is to use constraint management tools to manage further constraint risk in the event that the GASSCO maintenance period changes from the periods set out in NGT's proposal, as opposed to imposing further entry capacity restrictions.

In Ofgem's decision letter¹ to reject the proposed revisions submitted by National Grid Gas plc (NGG) on 27 January 2023, Ofgem urges NGG (now NGT) to notify interested parties about capacity release levels in good time. Short notice changes to capacity availability would not be able to fulfil this requirement.

To further mitigate the negative impact of this proposal on LNG shippers and the UK market, we request that NGT and Ofgem take into consideration the potential to pro-rata restrictions to align with the maximum capacity requirements of South Hook and Dragon to give greater transparency and certainty for shippers delivering LNG at the Milford Haven entry point.

Rather than a change to the Licence, this could be achieved through a temporary licence derogation to cover the summer maintenance period.

It is unfortunate that the Independent Examiner's report has not been published prior to the deadline for responding to the consultation as this would better enable market participants to take a more informed view prior to submitting their responses.

We trust that Ofgem and National Grid will continue to work with network users to find an enduring solution, which prevents future capacity restrictions at the Milford Haven entry point and takes into account the changing LNG capacity picture in Europe and the impact that could have on LNG deliveries to the GB market and consequently, supply security, wholesale gas prices and ultimately, costs to consumers.

Your sincerely

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ⁱ https://www.ofgem.gov.uk/publications/decision-proposed-revisions-entry-capacity-release-methodology-statement-held-national-grid-gas-plc?utm_medium=email&utm_source=dotMailer&utm_campaign=Daily-Alert_06-02-2023&utm_content=Decision+on+proposed+revisions+to+the+Entry+Capacity+Release+Methodology+Statement+held+by+National+Grid+Gas+Plc&dm_i=1QCB,874M3,F38TM1,XM2SN,1