

By email

box.gsoconsultations@nationalgas.com

09 July 2026

RE: National Gas Transmission Preliminary Consultation

Dear NGT,

South Hook Gas Company Ltd (SHG) is grateful for the opportunity to respond to the National Gas Transmission ('NGT') preliminary consultation on Capacity Market Statements. SHG is an NTS shipper that holds and manages the primary capacity at the South Hook LNG Terminal located at Milford Haven in South Wales. Since commercial operations commenced in 2009, SHG has supplied natural gas into the NTS every day.

Regarding NGT's proposals on NPV tests, SHG agrees with both options C and D for the Net Present Value Test. SHG does not consider the current Long Run Marginal Cost ('LRMC') to be a robust and appropriate methodology for determining investment costs. While SHG does not have a current firm view on the specific methodology which could replace the LRMC, we believe it to be in the best interests of potential applicants to have a project cost which is more reflective. SHG also agrees in principle with Option C, in which a Cost Benefit Analysis ('CBA') may be more accurate in calculating the split the sharing factor between applicant and socialised costs. While SHG agrees in principle, we would need more detail on which system benefits are being included and how they are used in calculating the split between system users and applicant.

SHG agrees with Option 2B that there should be an alternative trigger for incremental capacity using forecast utilisation. We agree that majority of users purchase short term entry capacity products (especially since the pricing of entry capacity products were made uniform resulting in no financial benefit to booking across a longer timeframe) and therefore using the current methodology is likely to provide an unreflective of the conditions at that future point in time.

SHG retains our right to change our support for the options outlined given the proposals are yet to be developed in detail. We will remain open to engaging further as and when NGT provides additional detail and formalises the consultation.

We hope this response is of assistance and should you wish to discuss further or have any further questions please contact me on tgwinnell@southhookgas.com or +44 (0)20 7234 3505.

Yours faithfully,

Tim Gwinnell

Regulatory and Commercial Executive
South Hook Gas Company Ltd.