Summary of responses to Capacity Methodology Statements

Preliminary Consultation - July 2026

Responses

- 4 responses were received.
- 1 of these responses was marked as confidential. The other 3 responses were received from:
  - South Hook Gas Company Ltd
  - BBL Company
  - National Energy System Operator (NESO)
- The 3 responses which were not marked confidential are published alongside this short summary of responses.

All Points summarised:

- All responses were broadly supportive of the review;
  - The current framework places a disproportionate financial burden on individual PARCA applicants relative to the wider system benefits created by incremental entry capacity.
  - Supportive of change that reduces unnecessary barriers to capacity investment.
  - Agreement with the sentiment within NG's consultation document that as domestic (GB) gas demand declines it is important to sustain suitable commercial arrangement that facilitate the efficient and economic use of the NTS network by both new and existing connected parties
- All broadly supportive of changes that help with security of supply.
  - This may help to support the attractiveness to invest in GB and hence GB gas security of supply with consequential benefits to whole energy system security.
- Some support for wider socialisation, acknowledging risk to stranded assets.
- Impacts to end consumers to be judged against potential benefits for Security of supply and in the context of other options for system resilience.
- Do nothing was not supported.

Options:

Option 1C - CBA: Support for further development of CBA option.

- A CBA-linked sharing factor could provide a structured and objective basis for determining when greater socialisation is justified. The CBA should not be limited to narrow project economics or the revenue commitment of a single applicant. It should consider the value of additional entry capability under

plausible stress conditions, the consumer value of avoiding constrained imports, the benefit of maintaining optionality across diverse supply routes, and the interaction between entry capacity and the wider system planning functions undertaken by NGT and the National Energy System Operator.
- Support for progressing the CBA option in parallel with nearer-term changes, including the proposed forecast utilisation approach (option 2B).

Option 2B - Forecast Utilisation: Support for further development.

Any such approach should distinguish clearly between expected utilisation, terminal capability, contracted rights and peak security-of-supply value and should be developed alongside wider reforms of PARCA applicant commitments and cost sharing.

- Further consideration and development supported.
- Clarity required on how this would work in practice.

Option 1D – Project Cost Methodology - Mixed response

Should only be alongside a clear cost sharing/socialisation mechanism. Burden should not be Soley with the PARCA applicant. Further consideration is needed.

<u>Other considerations:</u>

- Call for review of baselines (specifically exit).
- Support for wider review/" reform".
- Methodology should ensure equivalent treatment between competing entry terminals.
- Products – NGT should also consider flexibility of short term/longer term capacity tools.
- Interactions – NGT should ensure that interactions with wider system planning, licence obligation, price control and baseline capacity are clear.

<u>Next Steps:</u>

➢ National Gas intend to develop option 1B further to form part of the Entry Capacity Release (ECR) methodology consultation later this year.
➢ National Gas will further consider if Options 1C and 1D are developed alongside the other considerations above which will be picked up as part of the wider review into Capacity which we are launching as discussed at Transmission workgroup – July 26 Tx WG - Capacity Update.pdf