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Mark Freeman
National Grid Gas plc

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Shell Energy Europe Limited (SEEL) response to St Fergus Terminal: Consultation on the range of future charging and commercial solutions that should be considered ahead of any proposed investment options

Dear Mark

SEEL agrees with National Grid's current position that investment should be funded by parties who will benefit most from the investment – i.e., NSMP, NSMP shippers and related upstream parties. This is consistent with other entry point customers on the NTS who have to deliver gas at NTS pressure and, therefore, may need to invest to achieve this, based on their assessment of the need for compression investment.

Socialising the costs among the wider shipper community risks creating an unlevel competitive playing field as it would apply a different approach to cost recovery for the same types of network user. Socialisation of the costs would further mean that NSMP's business is being subsidised by other NTS users, including by other terminals that are directly competing with NSMP to secure future business.

Targeting the costs to the shippers benefitting from the service provides a more cost-reflective and non-discriminatory approach and is aligned with existing charging arrangements, i.e., the St Fergus Compression Charge, payable where gas is delivered into the NTS via the NSMP sub-terminal at St. Fergus at a lower pressure than that required.

We look forward to further market wide analysis to ensure National Grid Gas can continue to fulfil its duty to ensure that non-discrimination between parties, particularly such that they do not distort competitive markets.

Your sincerely

Christiane Sykes
Commercial Regulatory Affairs Manager
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