

13 September 2021

1. Do you wish your response to remain confidential (Y/N)?

No

2. Following on from the RIIO-2 process do you agree with our approach to address the requirements of Final Determinations? a. is there anything else we should consider?

Equinor feels it is appropriate to consult with industry on the charging elements of this proposed reopener. The consultation document specifically mentions that each option was considered under 2018 Future Energy Scenarios (FES). Equinor notes this is somewhat out of date and feels the options need to be reconsidered under Future FES documents ensuring the latest data is considered at the time of the reopener submission. Applying this information against NSMP terminal specifically rather than St Fergus would also be welcomed.

3. We would be interested in stakeholder views on whether we should include the wider market impact in our assessment and, if so, what robust method could we utilise?

It is essential that wider market impacts are assessed and carefully considered before future consultations take place, given the importance of St Fergus as a landing point for significant quantities of natural gas. The impacts of additional targeted charges on flows into the UK and wholesale prices should also be carefully considered.

4. Do you support targeted charging where there is demonstrable localised benefits that should be borne by a targeted group of parties / customers? a. Please give your reasoning for your answer

Equinor is concerned at the impact of a targeted charge placed in addition to the St Fergus Compression charge and the possible impact on flows into the UK from Norway during peak winter demand. As outlined earlier in our response the wider market impacts must be assessed carefully before any further consultation take place.

5. If you believe the charge should be targeted, to what degree should this targeting take place i.e. users at entry, users at exit, users at NSMP sub-terminal or some distance-related charge?

Equinor does not support a distance related charge in line with the outcome of the decision to implement Mod 678A as part of the UK Transmission charging regime. The transmission system benefits both entry and exit network users and again this needs to be carefully considered as part of the overall wider market impacts. The impact of any investment at NSMP on St Fergus should also be considered as part of this and future consultations.

6. In terms of the costs that should be reflected in the charge, do you think this should cover all of the following or specific categories. Cost categories are emissions driven, asset health, cyber security, physical security and decommissioning of redundant assets? a. Please give your reasoning for your answer, including which categories

Equinor feels the consultation would benefit from outlining what specifically happens if the other options outlined in Appendix 1 of the schematic showing funding options were more clearly defined. An example would be to fully understand the impact of compressors running at 500 hours per year on the network.

7. Do you believe the introduction of a targeted charge will change shipper behaviours such that flows could be redirected to avoid paying the additional charge? a. Please give your reasoning for your answer

Shippers will ultimately respond to commercial signals and yes, it is possible that flows could indeed be redirected to avoid paying this additional charge which could have further impacts on wholesale prices in the UK. This should be carefully considered within the wider market impacts to enable affected parties to assess to respond appropriately to future consultations.

8. Other than the changes to the UNC discussed i.e. cost targeting and limiting liabilities, are there other changes to the UNC that could be made to protect GB consumers?

Equinor would expect Ofgem to determine what if any further changes are required to the UNC as part of their final decision.

9. Are there any other commercial options i.e. other than capacity buybacks and turndown arrangements that could be used as a solution

No

Yours sincerely,

Terry Burke

Equinor UK Limited