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Our reference BBL VOF 22.031 Your reference

Subject
NGG Consultation on Exit Capacity Release Methodology
Statement

Dear Chris,

Thank you for the opportunity to respond to the above consultation.

National Grid Gas plc's (NGG) consultation identifies a number of areas of change to its existing Exit Capacity Release Methodology Statement (ExCR). This response is specific to the following proposed changes:

- Relevant licence changes associated with implementation of UNC Modification 0785.
- Removal of references to Enduring Capacity at Interconnector Points (IPs) due to their expiry.
- Introduction of a new methodology to determine the cost of incremental capacity at Interconnector Points.

Relevant licence changes associated with implementation of UNC Modification 0785 and Removal of reference to Enduring capacity at IPs

BBLC supports these changes to the ExCR document as they are aligned with previous regulatory decisions.

Introduction of a new methodology to determine the cost of incremental capacity at Interconnector Points

BBLC considers that the proposed "Estimated Project Cost Analysis at Exit Interconnector Points", as set out in Appendix 3 of the proposed revised ExCR, is inconsistent with NGG's obligations under Article 6 of EU CAM Network Code. Art.6 requires TSOs to apply a "*dynamic approach*" to calculating / recalculating Technical Capacity at IPs and also requires TSOs to give "*priority to those interconnection points where there is contractual congestion*" in seeking to "*maximise the offer*" of capacity.

In relation to NTS Exit Capacity the Bacton IP is contractually congested and as such BBLC considers that NGG's proposed methodology should set out / demonstrate how the incremental capacity release analysis incorporates a 'dynamic' approach which 'prioritises'

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such IPs. In particular BBLC considers that the approach, as described in Appendix 3 paragraph 3 (5), of rebalancing the NTS system at the "*point of least interaction (as determined by pipeline distance)*" is an overly cautious, restrictive and non-dynamic approach which will inevitably tend to over-state the reinforcement costs associated with any incremental capacity provision at an IP. In BBLC's opinion, a more dynamic approach would be for the analysis to incorporate rebalancing the system by adding the incremental flows at multiple locations in proportion to the historic or Ten Year Statement projected flows.

Indeed, it could be argued that further prioritisation of flow scenarios is warranted in relation to capacity provision at congested IPs. In this case it could be argued that the rebalancing of the network should look to at least initially look to prioritise those supply points closest to the relevant IP.

BBLC is also concerned about the current somewhat opaque process for releasing Non-Obligated Firm Exit Capacity at the Bacton IP. Following Ofgem's decision to merge the two Bacton Interconnection Points into a single IP Exit Point in November 2021 NGG has repeatedly demonstrated the ability to release the full aggregated Technical Exit Capacity of both Bacton Interconnectors during a winter period (December 2021). The current ExCR wording on the release of Non-Obligated Exit Capacity at IPs provides little detail on NGG's process for assessing the release of such capacity. BBLC considers that NGG's actions over the recent winter period would appear to demonstrate that a more transparent, dynamic and pro-active approach to the release of Non-Obligated NTS capacity at IPs is warranted.

BBLC would finally like you to note that from a purely practical and operational perspective, NGG staff are generally supportive and proactive in providing information on where things stand with regards to releasing short-term Bacton exit capacity. This proactive approach is appreciated.

I'd be happy to discuss the above further with you.

Yours sincerely,



R. Streuper
Commercial Manager