

National Grid Gas Quality Consultation Response Template

To provide written feedback, please complete this form and by email it to box.gas.market.devel@nationalgrid.com and philip.hobbins@nationalgrid.com no later than Friday 17th November 2017. Alternatively, if you wish to provide feedback verbally, please use the contact details above to make arrangements for a meeting / conference call / video conference.

Name: Sinead Obeng

Company: South Hook Gas

Do you wish National Grid to keep the details of your response confidential? No

Summary of South Hook Gas verbal feedback

Questions for Consultation

Existing NTS Entry Connections

- 1. Do you expect the number of requests by existing NTS entry parties to amend gas quality limits in their Network Entry Agreements (NEAs) that are within GS(M)R but outside GTYS limits to increase in the coming years? Please provide your rationale.**

We believe the number of requests to amend gas quality limits, as outlined above is likely to increase. As shown by National Grid FES scenarios import dependency is predicted to rise in both the Two Degrees and Consumer Power scenarios

From an LNG perspective, amendments within the current GS(M)R specifications may permit LNG to be accessed from a wider range of sources without subsequent need for nitrogen ballasting, that said, market price signals will also be key in determining increased LNG demand.

- 2. Do you believe that National Grid's current method of assessment for individual NEA parameter changes is appropriate? If not, how could our approach be improved?**

In general, the analysis and information required for recent NEA parameter changes have followed a pattern by requiring heat maps to assess penetration of gas from a given entry point into the NTS, and risk assessments by National Grid to confirm the metering/technical capability of the NTS is sufficient to allow safe operation with the proposed change.

In our view, the current process is appropriate as it allows affected stakeholders to engage however we think a mod template designed specifically for NEA parameter changes, could reduce the administrative burden of the change process. The template could be comprised of a basic format where the Proposer can populate the analysis required above to support the parameter change, or refer to analysis from a previous modification (where applicable), to avoid duplication of work.

- 3. Which of the NEA change options detailed in section 7.0 for individual limit parameters do you prefer and why? Are there other options that should be considered?**

Option (2) Window for other requests

We believe this option is non-discriminatory and that NG should ensure users at that ASEP are informed and confirm receipt of the information within the request window.

New NTS Entry Connections

- 4. Do you believe that the process of agreeing gas quality limit parameters for new NTS entry connections requires reform? If so, what changes do you suggest?**

No comment.

- 5. Do you consider that the demand for new NTS entry connections to deviate from GTYS gas quality limits will grow in the future? If so, please provide your rationale.**

New LNG entry points could expect have gas quality limits that deviate from GTYS to maximise their import capabilities.

Generic Questions

- 6. Where National Grid's ability to agree to higher gas quality limits is limited, e.g. a higher limit could be agreed at one NTS entry point but not more widely due to an impact at NTS exit point(s), how should National Grid manage and allocate the available flexibility?**

We believe these situations must be assessed on a case by case basis and if possible, should be applied to parameters that are considered to be more contentious (i.e. carbon dioxide). The individual parameters that would apply to this rule should be decided through analysis by National Grid.

- 7. Do you support further consideration of National Grid providing gas quality services to process and/or blend at NTS entry points in the RIIO-2 period or do you believe that the responsibility to deliver compliant gas should continue to rest with upstream parties? Are there specific projects / locations where this type of service could be valuable?**

If there is a net industry benefit and costs are lower for users then we support the provision of blending services by National Grid.

- 8. If your business is adversely affected by variations in gas quality, how could National Grid help you to manage those issues? (Note: at this stage, we are not proposing to publish real-time gas quality data measured at entry points to the NTS).**

Our business could be affected by variations in the quality of imported LNG. We currently have the tools to manage this but as the UK receives LNG from a wider range of sources, South Hook could face more costly nitrogen ballasting in order to accept these sources, or may not be able to accept these sources at all.

9. Is there a case to treat smaller connections that Project CLoCC seeks to facilitate differently to larger coastal terminals in respect of gas quality arrangements?

No comment.

10. The GTYS limit for oxygen is 200 times more stringent than that required by GS(M)R (10ppm compared to 2000ppm). Do you anticipate any adverse consequences if the GTYS limit were to be increased?

No, we believe the stringent requirement is unnecessary. As the GB gas network evolves we believe an increase in the GTYS will be beneficial for gas imports.