

## Questions for Informal Consultation

National Grid would welcome responses to the following questions in preparation for the Formal Consultation expected to take place upon resubmission of the proposals:

### **Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)**

We support the implementation of a product that incentivises shippers to utilise the NTS, thereby contributing towards the transportation charges, rather than be lost to the system through bypass and the resulting shrinkage to the charging base and the increase in charges to the remaining users. The current short haul product plays an important role in the current market and we would like to see this flexibility continue under the new charging regime. ConocoPhillips has built a pipeline that bypassed the NTS from Theddlethorpe to Immingham, that was in excess of 40km and feel the limitations proposed are too low.

### **Implementation: What lead-time do you wish to see prior to implementation and why?**

There is currently a lot of uncertainty over the timing of the decision and implementation of the new charging regime in the UK, and layered on top of that we are operating in a pandemic environment which is putting a lot of stresses on the industry. As a business we need to agree a variety of contractual relationships for the next Gas Year now and so from a practical standpoint, any new short-haul product should have the same implementation start date, as it forms part of the charging regime. Our preference would be for the new charging regime and any short haul product to start together on October 1st, 2021.

### **Impacts and Costs: What analysis, development and ongoing costs would you face?**

As the UK Spot Gas Market is regularly balanced via the ebb and flow of the Bacton IPs, the short-haul discount mechanism is an important aspect of this UK balancing tool. ConocoPhillips is active in this market, and we believe that any timing differences in the introduction of this element of the charging methodology, will lead to inefficiencies in balancing the UK Market. The costs to the UK Gas Market could be extreme if it is too costly to export gas, as any further depression of UK prices could potentially lead to the financial collapse of some UKCS Producers. ConocoPhillips are no longer a UK Producer.

**Legal Text: Are you satisfied that the legal text will deliver the intent of the Solution?**

We do not have any comments to make on the legal text.

The closing date for submission of your responses is **Friday 15<sup>th</sup> May**. Responses will be published as part of this discussion unless marked as confidential. Your response should be emailed to:

[box.gsoconsultations@nationalgrid.com](mailto:box.gsoconsultations@nationalgrid.com)