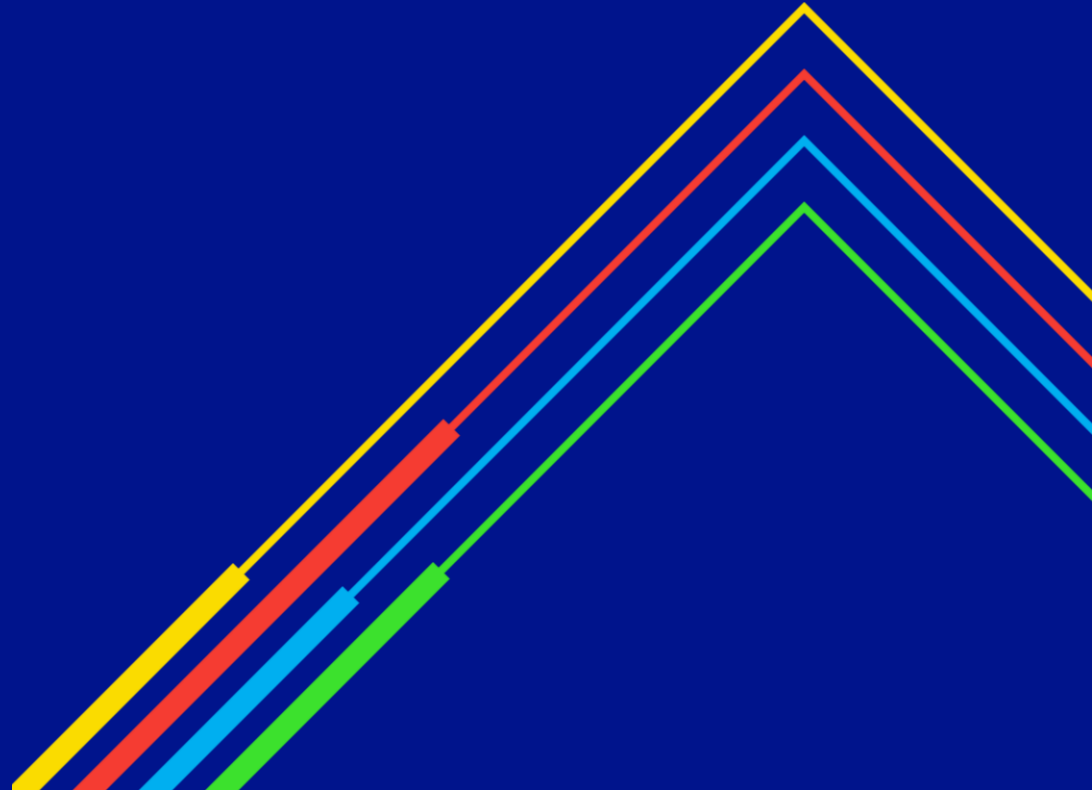


Milford Haven Risk

Transmission Workgroup
6th October 2022

nationalgrid



Survey feedback

Options	Responses	Summary of responses
1. Improve communication between NGG and Sub-Terminals/Shippers	6 in favour 2 against	<p>This should be done with the aim of maximising ASEP capacity and avoiding constraints, but in accordance with REMIT and applicable competition laws.</p> <p>Parties who could benefit from the use of constraint management tools should be “in charge” of delivering a solution on a voluntary basis due to a conflict of interest.</p>
2. Cap on buybacks	8 against	<p>It would disincentivise Users to put buyback offers forward if they don't have the possibility to recover costs of lost opportunity to flow.</p>
3. Capacity release restriction	3 in favour 1 undecided 4 against	<p>Shippers will not be exposed to unpredictably high costs of constraints.</p> <p>Sends the wrong signal to the market, continuing uncertainty and changes are not good for investment in the UK market nor longer term planning. National Grid should manage the risk with the existing Constraint Management Tools.</p>
4. Turn-down contracts	6 in favour 2 against	<p>NGG should use these to mitigate the risk.</p> <p>Turn-down contracts should not be used instead of capacity restriction.</p>
5. Seasonal baseline at Milford Haven ASEP only (out of scope for summer 2023)	3 in favour 1 perhaps, but not at 1 ASEP only 4 against	<p>Seasonal baseline would give clear transparency on total firm available capacity for future periods.</p> <p>The investment in the LNG Terminals at Milford Haven was made on the basis that the capacity would be available throughout the year.</p>

Further ideas for development

- ‘As buybacks offers (and locational sales) are determined via a competitive auction, we see no need to introduce a hard cap. A potential compromise solution is for a “soft” cap to be calculated for each buyback, with any claim above the cap requiring more detailed supporting evidence (with failure to adequately make out the claim resulting in the claim being subject to the cap or the uncontested amount of the claim). Any “soft” cap would need to be dynamic and based on current market conditions.’
- Network investment to increase capability.
- Improving the incentives on Shippers to surrender capacity.
- Increase overrun penalty in a constraint scenario - fair thing to do; penalise parties flowing without having firm bookings while capacity is scaled back/restricted (*N.B. exists for buybacks and turn-down contracts, but not locational actions*).

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