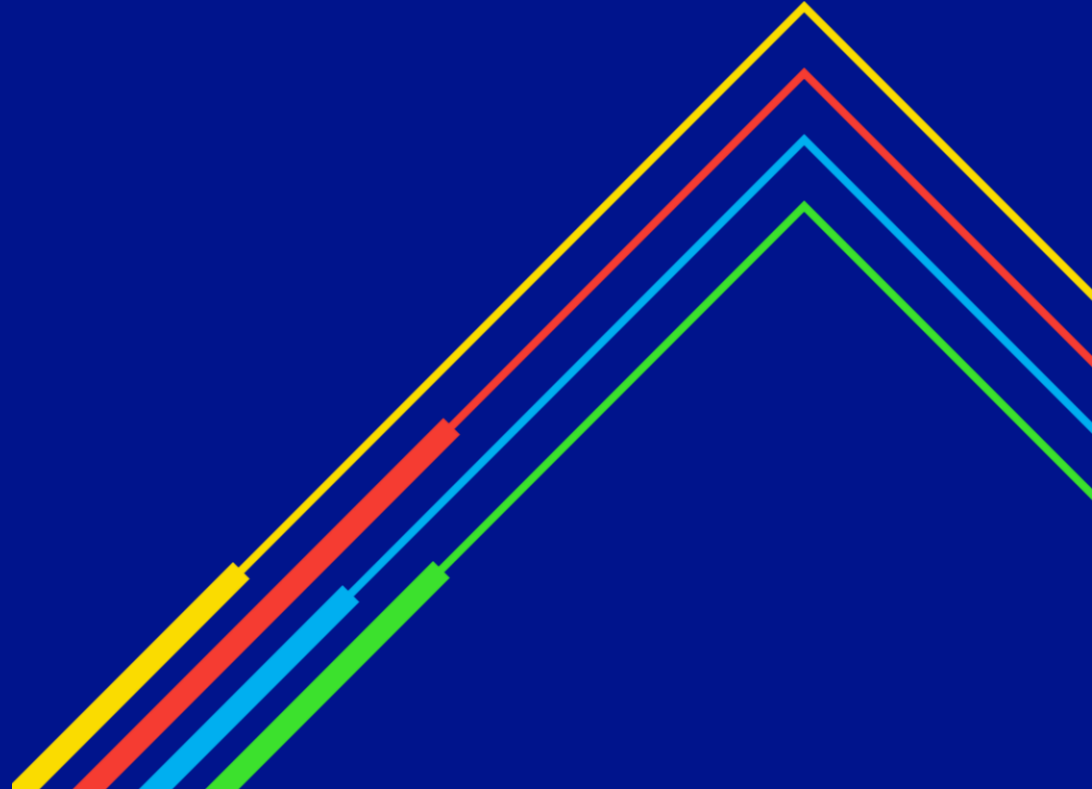


Milford Haven Risk

Transmission Workgroup
2nd February 2023

nationalgrid



Feedback received via ECR consultation

High level details (1 in favour, 7 against, 1 provided comments)	
In favour	<ul style="list-style-type: none">• Risk correctly identified and successfully mitigated ahead of summer of 2022• Will remove uncertainty about capacity release, but allow shippers to access capacity up to the system capability level with the sufficient notice period• BAU commercial tools not adequate because of a real possibility that all shippers, who already paid the standard transportation costs, could be exposed to disproportionately high costs
Against	<ul style="list-style-type: none">• Terminals were built on the expectation that baseline is available, implementation of the proposal will reduce investor confidence• Reduction of UK attractiveness as LNG cargo destination/ negative impact on Security of Supply• Less cargos delivered / impact on wholesale gas price - warrants further analysis• Ofgem should step in with a complete impact assessment (wholesale price impact, implication on security of supply taking into account new LNG EU terminals, competition distortion among terminals)• Flawed assumptions in cost of constraint analysis• This issue will become an annual exercise/need for long term solution• Regulatory inconsistencies within and across National Grid's licence, the UNC and methodology statements• SHG estimate send out from the Dragon and seek to schedule our deliveries in a way that avoids NTS constraints• Milford Haven put at competitive disadvantage compared to the Isle of Grain

Non-confidential responses have been published at: <https://www.nationalgrid.com/gas-transmission/capacity/capacity-methodology-statements>

NGG's Joint response to ECR consultation has been published at: <https://www.nationalgas.com/document/141801/download>

Modified proposal

Original proposal:

Restrict capacity release at the Milford Haven ASEP between 1st May – 30th September 2023 to align with planned supply loss from Norway due to Gassco maintenance (and therefore risk of increased LNG deliveries leading to flows exceeding network capability)

Amended proposal (see NGG's joint response to ECR consultation for justification and full details):

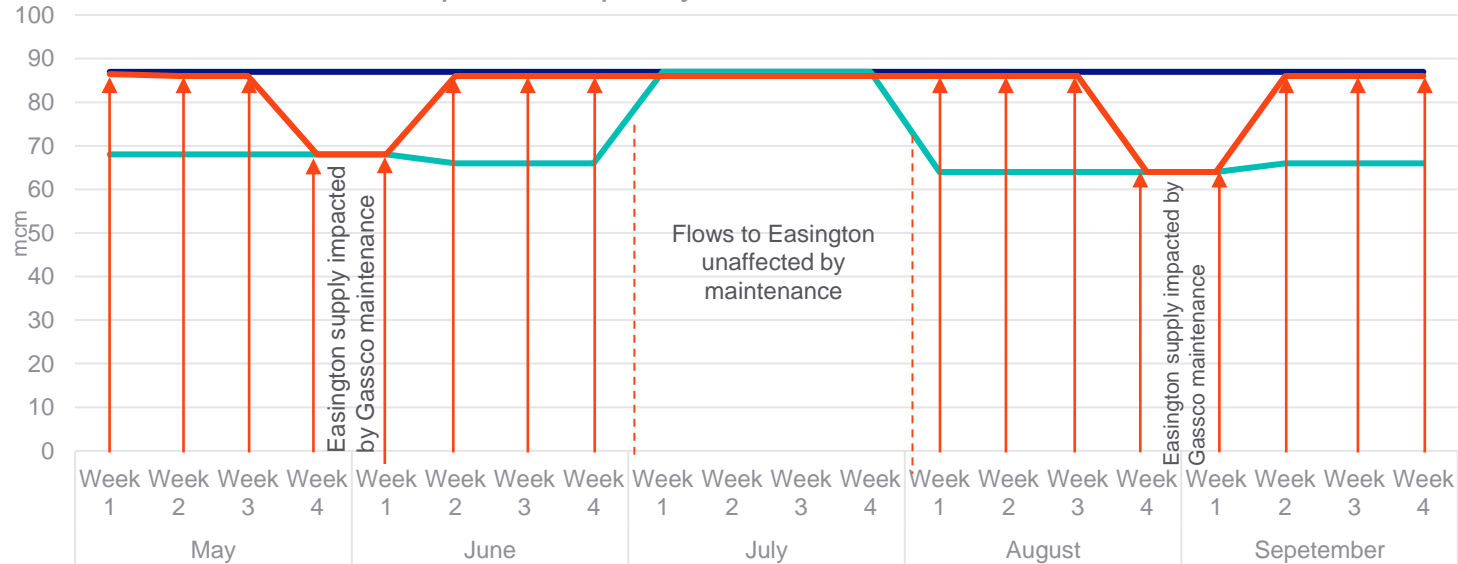
To more closely align capacity release with Gassco maintenance impacting Easington imports

Langeded (Easington) outages will have a greater impact on GB supply loss if compared with flows in previous summers than Vesterled (St Fergus), therefore there is a greater risk of high LNG flows in periods of Langeded maintenance

- Reduce capacity to network capability level in annual monthly/monthly auctions affected by Gassco maintenance with potential Easington impacts
- Release capacity up to baseline in weekly auctions for the weeks not affected by Gassco maintenance
- Reduce capacity release to network capability in weekly auctions affected by Gassco maintenance
- In a scenario when the maintenance shifts, so will the period of reduction of capacity in weekly auctions.
- Should the maintenance be cancelled/moved, we will release capacity up to baseline in the applicable weeks
- Additional capacity will be released as a part of daily auctions should closer to the gas day capability assessment indicates that the capability is higher than capacity we committed to release via the ECR consultation

Modified proposal

Proposed Capacity Release - Summer 2023



— MH Baseline
 — Monthly Release=Capability
 — Weekly release

- Monthly auctions sell capacity for every day of the month (i.e. we can't sell monthly with an exclusion of last week of the month/first week of the month).
- Weekly capacity offered is reduced by monthly sold quantities.

Next Steps

- Ofgem to decide on the modified proposal within 56 days
- If no decision ahead of Feb AMSEC, full baseline will be offered
- Suggested alternative solutions to be considered by NGG and the industry

Summer 2024 capability impact

As part of an operational project update meeting in September 2022, the National Grid Western Gas Project Team shared a preliminary view of how the Western Gas commissioning might impact asset availability in summer 2024. The information can be found on our website: [LINK](#).

Please note that the information provided is highly indicative.

Alternatives suggested

	Details
1.	Align volumes and timelines more closely with Gassco maintenance.
2.	Release capacity at a value between that proposed and the baseline to provide headroom to support cargoes being contracted but which is unlikely to lead to a physical constraint.
3.	Offer a weekly product with longer lead time (recognising releasing monthly capacity is untenable).
4.	Available LNG storage should influence appropriate locational trades and buyback prices.
5.	Locational sell trade could be executed at Pembroke Power Station if it was not already generating at maximum. Gas could be priced based on the level at which the generator could sell the power produced from it. This selling pressure would probably decrease power prices.
6.	Release the full baseline capacity for May. Should capacity end up being very tight, we envisage that deferrals might be made until June whilst June remains unsold, and will enable NGG to trial releasing full capacity levels.
7.	Offer alternative capacity to Users who execute locational trades or buybacks to give them confidence they will be able to reschedule gas injections that have been subject to those trades (reduce capacity procurement risk for them and hence might reduce the cost of locational trades).
8.	Capacity restrictions apply after a number of constraint days (<i>not in feedback, but considered by NGG in the past</i>).
9.	Pro-rata any restrictions by the maximum capacity requirements of South Hook and Dragon as follows: approx. 650 GWh/d for South Hook, 300 GWh/d for Dragon.

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