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Dear Julian

Modification Proposal 0216: Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity

Thank you for the opportunity to comment on the Modification Proposal for an Additional Discretionary Release Mechanism for NTS Entry Capacity.

BP supports the implementation of this proposal, with the belief that it would further develop the economic and efficient workings of the NTS by making available additional NTS Entry Capacity as soon as is suitable. The additional capacity release mechanism would compliment the current auction process, and is necessary for the flexible workings of the GB market.

Furthermore, BP believes that competition would be facilitated by the proposed mechanism. In removing artificial restrictions to available capacity and by ensuring more capacity becomes accessible, a greater number of opportunities for shippers to secure capacity will exist. This could also improve the security of supply as the level of usable capacity can be optimised to guarantee the necessary flows of gas onto the NTS.

However, care needs to be taken when developing this release mechanism. It must be ensured that it does not add another layer of complexity to the current process, particularly due to its random occurrence and unknown impact on bidding behaviour. It should be noted that the impact of current licence obligated changes in the NTS Entry Capacity regime, such as Transfer and Trade are still not known.

In addition, further transparency is required for such a process to succeed in achieving its objectives. Clarity would be required on the status of project work, as well as a timely understanding of when an auction could occur, as this would impact behaviours in all entry capacity auctions for that ASEP. As the investigation into Easington entry capacity by Centrica Storage highlights, there is still a gap in (the timing of) what shippers could know and maybe should know to ensure the economic and efficient workings of the NTS.

Further clarity on how the Additional Discretionary Release Mechanism is likely to be structured within the current system is needed before further assessments can be made.

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If you have any questions on the above points, please do not hesitate to contact me.

Yours sincerely

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