

By email

Colin Williams
National Grid
Warwick Technology Park
Warwick, CV34 6DA

26th March 2021

RE: Forecasted Contracted Capacity (FCC) Methodology Consultation

Dear Colin,

South Hook Gas Company Ltd. (SHG) is grateful for the opportunity to respond to National Grid's Forecasted Contracted Capacity (FCC) Methodology Consultation. Please find responses to the questions contained within the consultation document below:

Question 1: Do you support the use of the principles within the FCC Methodology?

SHG is supportive of the use of these principles for the revisions made to the methodology for Entry Points. SHG has no comment on the revisions made to the Exit methodology.

Question 2: Do you agree that this FCC Methodology is an improvement on the existing FCC Methodology which is currently in place?

SHG agrees that this revised FCC Methodology is an improvement on the existing FCC Methodology (in respect of Entry Points) for the reasons set out below.

Notably, the normalisation of the historical flows to the forecast demand for the applicable Gas Year is likely to have a significant impact on improving the FCC. National Grid have been using FES demand data to forecast flows and calculate commodity charges prior to the implementation of UNC 0678A. Using the FES demand data to normalise historic flows is likely to result in more accurate FCC figures that better represent how Entry Capacity is going to be booked for the applicable gas year, given capacity bookings are now expected to be closer to a user's respective flows. The addition of a utilisation factor and Entry data being reviewed at a monthly granularity will further improve the accuracy of the FCC methodology.

SHG appreciates the engagement process and transparency that has been followed for this review of the FCC methodology. Given further reviews will be necessary as more data becomes available and the GB charging regime develops, the same engagement process with the same levels of transparency would be welcomed.

We hope this response is of assistance and should you wish to discuss further or have any further questions please contact me on abates@southhookgas.com or +44 (0)20 7234 3505.

Adam Bates

Regulatory and Commercial Executive
South Hook Gas Company Ltd.