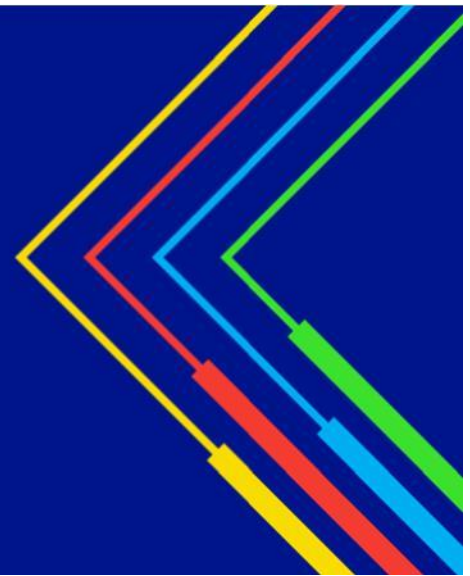


Gas Quality Blending Service Consultation Response Form



To provide written feedback, please complete this form and email it to box.gsoconsultations@nationalgrid.com, philip.hobbins@nationalgrid.com and rachel.hinsley1@nationalgrid.com no later than 13th November 2020. Alternatively, if you wish to provide feedback verbally, please use the contact details above to make arrangements for a meeting / conference call / video conference.

Name: Christiane Sykes

Company: Shell Energy Europe Limited (SEEL)

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Do you wish National Grid to keep any of the details of your response confidential? No.

Consultation Questions

Service Concept and Link to GS(M)R Review	Response
1. What are your thoughts on the service concept outlined in section 3?	<ul style="list-style-type: none">- SEEL welcomes this consultation to ensure there is a transparent and open approach for considering the proposal for National Grid gas (NGG) to offer a gas quality blending service.- Enabling diverse sources of supply and enhancing the availability of existing gas fields clearly serves to benefit the GB gas and power market. While we do not oppose the concept in principle, it is important to weigh it against the risk of undermining competition by ensuring that all those offering the service compete on a level playing field.
2. Do you foresee any positive or negative impacts of NGG offering such a service on your business? If so, please explain.	<ul style="list-style-type: none">- Further information would be needed to establish whether National Grid offering a gas quality blending service would enhance the availability of existing gas fields or if it would only displace existing blending services provided by terminal operators.- National Grid could potentially have a competitive advantage to provide this service, given that the NGG terminals have already been paid for through gas transportation tariffs and additional targeted investment is expected to be minimal.- It should be possible to maximise the availability of gas to the GB market by offering the service as a backstop or temporary back-up in

	<p>the event that existing commercial arrangements in place are unable to meet blending requirements for a specified period.</p> <ul style="list-style-type: none"> - We are concerned that where there are insufficient flows to achieve a compliant blend within the NGG terminal, NGG's only recourse is to issue a Terminal Flow Advice (TFA). Further information is needed to ensure that a blending service would not increase the risk of supply disruption. - We understand that only a small number of parties have requested this service and it is only feasible at two entry points. It should be explored if it is appropriate for NGG to offer a bespoke service to a small number of parties if it increases the risk to other parties delivering gas to the NTS.
3. Do you consider there to be any risks that may arise from such a service?	- See above.
4. Wobbe Index and Incomplete Combustion Factor are the parameters that stakeholders have so far indicated to us could be useful to have a relaxation on as a blending service. Do you see a need for this service to cover any other parameters and if so, which parameter(s) would you like to be considered and why?	- We are not aware of any at this stage.
5. Do you consider that the GS(M)R Review negates the need for a gas quality blending service or should the topic continue to be explored?	- The outcome of the GS(M)R review remains unknown but assuming changes to the GS(MR) are implemented, any costs and benefits will impact all network users, rather than only two entry points and a limited number of stakeholders. For this reason and because the GS(M)R review does not raise issues related to competition, it is SEEL's preferred approach to addressing potential issues related to the current gas quality specification.
Applicable terminals	
6. Do you agree with our initial views on the categorisation of NTS entry points contained in section 4?	- Yes
7. Teesside and Easington would require additional infrastructure and components to be able to offer a gas quality blending service, which would mean additional time and costs to implement. Would you support NGG further exploring this?	- Given the timing and potential costs, changing the GS(M)R specification might be a more appropriate route.

9. Do you think that the service is more suited to UKCS terminals rather than interconnectors?	- Yes.
Regulatory Treatment	
10. In your view, which regulatory mechanism should NGG pursue to obtain regulatory approval for this service?	- If NGG provides the service, it should be classed as an 'excluded service' meaning excluded from NGG's price control annual allowed revenue to ensure that costs and revenues are excluded from transportation charges and SO incentives to reflect the fact that it would be a broadly bilateral contract between NGG and the customer requesting the service.
11. The DFO contract with NGG may need to be amended to offer the service, do you believe this should be changed via the NEA or a different contract put in place?	<ul style="list-style-type: none"> - Given that NEAs do not include any commercial arrangements nor liabilities, as NGG points out, the NEA would need to be amended to cover the gas quality blending service, which would change the nature of the contract. - The NEA is defined in the UNC so it follows that a change to the nature of a NEA would require a change to the definition of NEAs within the UNC, which could have wider implications for stakeholders. - A change to the contract with the DFO could impact other stakeholders so whichever route is taken, the details of the agreement must be transparent.
12. What are your views on the suitability of UNC TPD Section I3.5 'Special Delivery Arrangements' to serve as UNC basis for NGG to offer the service? Are there additional changes you believe will be required within UNC?	- The Special Delivery Arrangements could potentially be adapted to serve as the UNC basis for NGG to deliver this service.
Charging	
13. Who should NGG's customers be – UNC shippers or DFOs, or potentially both?	- Our understanding is that only a small number of stakeholders have requested this service, however, should offering the service lead to consequential impacts on other stakeholders, for example if it leads to a disruption in supplies, then appropriate mitigations and potentially compensation, needs to be put in place.
14. If the DFO, this would create a commercial relationship that is currently purely operational. Do you envisage any problems with this?	- This needs to be explored further to ensure it doesn't raise concerns about NGG's role as System Operator.
15. Do you agree that NGG should charge for this service?	- Yes as it constitutes a bilateral contract with NGG and the party requesting the service. If there was not a charge for the service, then it opens up the possibility that NGG is offering favourable terms for a service that a competitor could potentially provide.

16. What minimum and maximum service durations would be appropriate?	<ul style="list-style-type: none"> - As NGG points out, the service duration that a DFO requires may depend on the life of particular offshore fields, legislative changes to the legal specification for gas quality and the availability and cost of other sources of blend gas. -
17. Please share your thoughts on whether DFOs / shippers delivering on-specification gas at a terminal where a blending service is in place should receive a share of the revenue that NGG receives from the DFO delivering off-spec gas for providing the service	<ul style="list-style-type: none"> - Potentially.
18. What is the maximum lead-time that would be acceptable to you between signing up for the service and it becoming available?	<ul style="list-style-type: none"> - This will depend on the requirements of the party requesting the service.
19. How should we make the service available?	<ul style="list-style-type: none"> - Through an open and transparent process.
20. How do you anticipate the structure of the charging to work?	<ul style="list-style-type: none"> - A cost-reflective and transparent charging regime will need to be developed once further information on the requirements of the parties requesting the service is known.
21. Do you consider that the service would be useful to terminal operators if it is only offered with NGG reserving the right to interrupt at short notice?	<ul style="list-style-type: none"> - Potentially.
22. Do you believe that an NGG gas quality blending service would be likely to result in a benefit or detriment to security of GB gas supply? Please explain your answer.	<ul style="list-style-type: none"> - There is insufficient information at this stage to ascertain whether this is likely to result in a benefit or detriment to security of GB gas supply. - The impact on competition for providing this service also needs to be considered as effective competition is fundamental to a functioning, secure gas market.
23. If you wish to provide any other feedback on the issues raised in this consultation, please do so here.	