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12<sup>th</sup> January 2023

Chris Logue  
Head of Markets  
National Grid

Dear Chris,

**RE: National Grid Transmission's Consultation on Entry Capacity Release Methodology Statement ("ECRMS").**

Thank you for the opportunity to comment on the latest set of proposed changes to the ECRMS following on from the changes that were implemented for Summer 2022.

PETCO Trading (UK) Ltd, (PTUK) are again strongly opposed to yet more changes to the Entry Capacity regime and disappointed to find that we are once again faced with uncertainty and challenges in running our business resulting from short-term amendments to the operating environment.

In our response to the first consultation dated 26<sup>th</sup> April 2022, we highlighted seven areas of concern which explained the reasons for our opposition to the proposal. We believe that these areas of concern are still valid and relevant but do not intend to list them again here given that response is still publicly available on the National Grid website.

However, we would like to take this opportunity to address several points raised within the consultation letter of 9<sup>th</sup> December 2022.

1. We are concerned that the fact that the flows seen at Milford Haven throughout Summer 2022 were below the restricted level of capacity will be interpreted as confirmation that this is in effect a non-issue. We note that National Grid does acknowledge the restriction created uncertainty and potentially resulted in less cargoes being delivered to Milford Haven. It is our opinion that this is indeed the case and that this warrants further analysis.

We would add that as an LNG supplier we have to consider all the risks involved with discharging a cargo at a particular location and balance that against alternatives where it may be judged that there is less risk. The LNG market in North-Western Europe is currently adding significant additional regassification capacity some of which will be available to the market in 2023. The risk associated with availability of entry capacity at Milford Haven is likely to be an important factor in assessing the attractiveness of the UK for LNG cargoes.

2. We are concerned by the assumptions and analysis that have been used for estimating the potential constraint costs and this urgently needs revisiting prior to any decision. The assumptions are arbitrary and some are based on historical information and prices that are no longer relevant. This flawed analysis is being used as the primary source of decision making whilst at the same time no analysis that we are aware of has been conducted to assess the impact of fewer cargoes arriving in

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the UK and the potential impact of this on the wholesale price of gas and therefore ultimately on consumers.

3. National Grid states that "...investment in the physical network to increase the Milford Haven summer capability would take a number of years to deliver". We would encourage National Grid and Ofgem to address this and communicate what is being done to alleviate market participants concerns that this issue will become an annual exercise and reduce the longer-term attractiveness of Milford Haven as a destination for LNG cargoes.

We are disappointed that the existing constraint management tools formulated for National Grid to address exactly these types of issues are seemingly being abandoned in favour of shifting the risk associated with a lack of long-term investment in the capability of the network to LNG shippers and suppliers once again.

Yours sincerely,



**Stephen Parle**

**Head of Strategy & Business Development**

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