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Chris Logue  
Head of Markets, National Grid

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**Shell Energy Europe Limited (SEEL) response to National Grid Transmission's Consultation on Entry Capacity Release Methodology Statement**

Dear Chris

Thank you for considering our response to this consultation. We share National Grid's recognition of the key part LNG plays in the GB and global energy security of supply chain and National Grid's role in maximising LNG flows to GB as well as the EU.

In light of the important role LNG plays, it is unfortunate that physical network limitations have led to the need to restrict National Grid's ability to make the full baseline capacity available next summer. Whilst we accept that short-term solutions may once again be required this summer, we trust that enduring solutions are also explored at the earliest opportunity, including a robust impact assessment to mitigate the risks of further disruption, increased costs to consumers and to remove barriers to delivering LNG to the GB market.

In the short-term, we appreciate National Grid's commitment to work with network users to seek compromise solutions to minimise the negative impacts associated with lower summer network capability, exacerbated by the ongoing geopolitical market dynamic and Norwegian pipeline maintenance taking place next summer.

In preference to a blanket restriction of Milford Haven capacity this summer, more closely aligning both volumes and timelines with the Norwegian maintenance period could achieve a more economic and efficient solution and minimise the negative effects on GB consumers and the wider market by minimising barriers to LNG deliveries to GB this summer.

In addition, where releasing a monthly capacity product is untenable owing to GASSCO maintenance, offering a weekly product but with a minimum of one months' lead time would further serve to maximise LNG delivery capability at the Milford Haven terminal this summer.

With respect to calculating the likely costs of constraints, the assumptions used appear to represent a worst-case scenario based on the price assumptions and utilisation of buy-back actions. We accept it is

challenging to estimate prices in an increasingly volatile market and so further analysis to assess the risk using low and medium case scenarios would better inform network users of the costs and potential benefits related to restricting Milford Haven capacity this summer.

National Grid states in the consultation that despite high exports of gas to Europe throughout summer 2022, Milford Haven flows were significantly below the restricted level of capacity and that on average, 30% of the restricted quantity of capacity remained unsold during the baseline reduction period. It is worth reiterating that restricting capacity availability is self-fulfilling in this regard as it will consequently impact the LNG cargoes that can be delivered to Milford Haven if there is a significant risk that the capacity won't be available when required.

Whilst we have endeavoured to provide a meaningful response, the limited consultation time owing to the holiday period and the lack of more robust analysis, carries the risk that not all the facts are known to enable a more informed response.

We trust that Ofgem and National Grid will continue to work with network users to find an enduring solution, which prevents future capacity restrictions at the Milford Haven entry point and one which takes into account the changing LNG capacity picture in Europe and the impact that could have on LNG deliveries to the GB market and consequently, wholesale gas prices.

Your sincerely

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